THE
TICKER
AND
INVESTMENT DIGEST

Investment: The placing of capital in a more or less permanent way, mainly for the income to be derived therefrom.

Speculation: Operations wherein intelligent foresight is employed for the purpose of deriving a profit from price changes.

Vol. 5 JANUARY, 1910 No. 3

Bird's Eye Views

IV. The U. S. Realty Co. and New York Real Estate.

Studies of Value Based on a Broad Survey of Conditions

By G. C. SELDEN

THE subject of New York real estate is too big to be seen at one view, even by a bird's eye. We need to get several angles on it, however, in order to appreciate the position of the United States Realty and Improvement Company.

I. CONCENTRATION

The great historical development of the present age is the *national spirit.* The ancient empires were, in essence, military despotisms or oligarchies, riding out a more or less precarious career upon the backs of millions of slaves. In the middle ages, the common people rendered homage to the king, the church, the guild, the city, the lord of the manor —but almost never to the nation.

Even during the first half of the existence of the United States, allegiance to the nation was weak. The strongest feeling of patriotism was toward the state, the town or the section. In the last half of the nineteenth century came that wonderful development of transportation and communication which unified all sections and aroused the national spirit. Here was the germ of concentration —made possible by the railway, the telegraph, the telephone and the daily newspaper. Just as politics became unified, so with all industry and all thought. Association, cooperation and incorporation became the watchwords of progress. All the life of the people took on a national scope.

Now, just as every highly developed organism must have a heart, so every nation, as it becomes knit into a cohesive industrial unit, must have a center —England, London; France, Paris; Germany, Berlin; Italy, Rome; Austria, Vienna; America, New York. To suppose that New York's supremacy will be taken from her by any other city, or by the growth of a chain of smaller cities, is to assume a causeless reversal of the manifest current of historical development.

2. PROMOTION

If you owned a thousand acres of town-site in the Texas Pan-Handle, and also owned a majority of the stock in a new railroad just being built across the state, wouldn't you try mighty hard to run that railroad through your town-site?

This is about the situation of a powerful group of American millionaires. Nearly all of them live in New York and own enormous properties here; they also control the means of transportation and communication. Are they going to see some other city divert business, capital and population away from New York? Well, hardly.

Did you ever think of this point in connection with the new Pennsylvania station and tunnels, the subway tunnels and the half-dozen new bridges? The Pennsylvania and New York Central, for example, are betting several hundred millions on the continued growth and supremacy of New York. Who are the people that control these big systems? Who are the people that own Manhattan Island? Is there a connection here?

And where do the people live who control the capital and the enterprise of the entire American nation? Aren't they going to direct that capital and enterprise into such channels as to benefit New York?

3. IMPETUS

The student of the movements of population soon concludes that when it comes to building a great city, there is everything in getting a start. A big city draws everything to itself because it *is* big.

When the first railroad was built from the sea coast into the interior of Georgia, the intention was to terminate it at Decatur. This aristocratic little village, however, objected to the smoke and noise, so the road was run about half a mile to one side of Decatur and the terminal was established a few miles farther on. That terminal became Atlanta, and Decatur is an aristocratic little village still.

Atlanta got the start. When the Western and Atlantic was built, Atlanta was necessarily the terminal of that road also. In time it became a great railroad center.

The men who controlled the railways owned property in Atlanta. The city became a competitive point and got low rates. It developed into the metropolis of a great section and now grows because it is a metropolis.

This is the history of every city. Some accident of location starts it. Once well started, it goes of itself; and when it becomes, like New York, the principal center of population, capital, commerce, banking, literature, art—the Mecca of the ambitious from all over the world—nothing can stop its continued growth.

4. IMMIGRATION

New York is the gate-way. It matters little from what country the immigrant comes, he finds in New York a great city of his own people—a city within a city. The vast majority of these immigrants will continue, as heretofore, to stay right in New York. To many of them New York is America. They know little of the interior.

The history of New York, since 1880, has been one of continuous overcrowding, largely as a result of this in-rush of foreign population. The Brooklyn Bridge, opened in 1883, afforded some relief until about 1890. During that time, Brooklyn jumped from a population of 375,000 to 800,000.

Before the Williamsburg Bridge was completed, in 1904, the crush on the Brooklyn Bridge was dangerous to life and limb. The Queensboro Bridge, Manhattan Bridge, the subway tunnels, the McAdoo tunnels, Pennsylvania tunnels and terminals, a growing net-work of suburban trolley lines, have followed in rapid succession—all aimed at relieving the congestion on Manhattan island; yet the members of the Strap-hangers' Association see little difference.

New York is the one great Cosmopolis. The possibilities of the city, within the twentieth century, almost stagger the imagination.

5. ASSOCIATION

The brightest minds of the day are working on new methods of association, to make it wider, more perfect, and more effective. This is the key-note of progress in every line of business.

Where real estate is worth $50 an acre,

there is no special necessity for association in the ownership of it. A small amount of capital suffices to finance the amount of land which can be effectively worked.

But when property is worth $50 a square foot, either it must be owned by very wealthy men, or by combinations of persons of moderate means. Without such combinations, the ordinary man is shut out from the ownership of that property.

This is the condition in New York today, and this is the reason for such concerns as the United States Realty and Improvement Company. Why not a United States Steel Corporation in real estate? In most respects the administration of a real estate company is vastly easier and less complicated than that of a steel company and the advantages of combination would seem to be nearly as great.

Suppose you had had the opportunity, in 1907, to buy the Trinity Building, 111 Broadway, at about one-third the price at which it had been sold in 1905—and suppose you had the money with which to pay for it. Would you have seized the opportunity?

Well, the United States Realty and Improvement Company owns the Trinity Building, and other equally valuable properties. Its stock sold at 98½ in 1905 and at 36 in 1907. You probably had $36. Did you buy a share?

Why didn't you? One of the principal reasons was that you were not yet educated up to the possibilities of association in the ownership of real estate.

UNITED STATES REALTY PROPERTIES

This company owns productive real estate valued at $31,883,000, less mortgages of $19,000,000, leaving a net equity of $12,873,000; unproductive real estate, $1,193,000, less mortgages of $395,000; and owns mortgage loans of $3,635,000. Its total assets are figured at $34,790,000. It has outstanding debenture bonds $13,284,000, capital stock $16,162,000.

Among the more prominent buildings owned and operated are the Plaza Hotel, Trinity Building, United States Realty Building, Fuller (Flatiron) Building, Mercantile Building, O'Neill Building and others of the same class, all of which are well located and are considered by well-informed real estate men as likely to increase in value. The company also owns the entire capital stock of the Geo. A. Fuller Co., which does an enormous construction business. At the close of its last fiscal year, the Realty Company as a whole had under contract construction work amounting to $17,972,000.

This company's latest purchase is the Battery Place Realty Co., owning the Whitehall Building. A 31-story addition to this building will be constructed.

The United States Realty and Improvement Company has perhaps greater possibilities of development than any real estate company in the country. Its properties are well located, and are nearly all income-producing. For the first half of its present fiscal year, its earnings have been at the rate of 9.8 per cent. on the stock.

The relatively low price of the stock is perhaps due to the skepticism with which real estate companies have been regarded in the past by the average investor. The stock is mentally classed as an industrial and its income compared with that of other industrials, to which it bears little resemblance.

The last four years have broken all records for building operations in Manhattan, with a total expenditure of $445,800,000. The greater part of this was for apartment buildings and $61,000,000 was for stores and lofts. The number of office structures was 181, theatres 98, municipal buildings 54, hotels 21, churches 32, schools 42, factories 99, etc.

If we are to follow Patrick Henry's famous advice and "judge the future by the past," there is only one way for New York real estate to go, and that way is up. The small investor cannot do better than to keep himself informed in regard to the various companies or associations which enable him to participate in this movement.

Studies in Stock Speculation

By ROLLO TAPE

Author of "Studies in Tape Reading"

III. The Interpretation of Charts

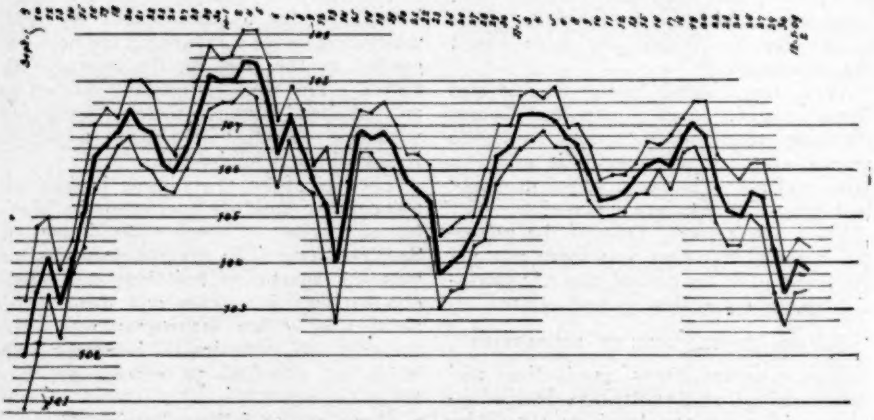
IN the last chapter, we showed how to form a trend indicator and gave some ideas on the interpretation of charts.

In order to save students the work of compiling back records and give them a starting point on a trend chart which they can keep up to date, we give herewith a trend indicator from September 9 to December 2, 1909.

The first thing that strikes us in this chart is that the market has been making zig-zag lines close to the top figures and that the extreme low points were made on October 13, 23 and November 30; also, that on October 23 the low was below that of the 13th and on November 30th the bottom was lower than October 23.

Bottoms are always more significant than tops, as they represent the supporting points. It is this underlying strength or weakness of the market, shown most clearly on a chart, that is the best indication of its future course.

The more vertical the trend line, the greater the lifting power under the market, or pressure upon it, as the case may be. When a line begins to slant off to ninety degrees, or toward the horizontal, this lifting power or pressure is beginning to wane and a change of trend is indicated.



Trend Indicator, Sept. 9 to Dec. 2, 1909

You know how it is with a sky-rocket —when it leaves the ground, it does so with tremendous force, but as its power becomes exhausted, the rocket rises more slowly until finally it begins to describe an arch. Once pointed straight downward, it travels with increasing speed.

The angles of a trend indicator will be recorded more accurately if the sheet is ruled into exact squares, and each day's movement recorded between two vertical lines. Thus a long up-shoot on the same day would give an entirely different angle from a very small rise, and the indicated trend would be clearer.

When a trend line is sharply pointed, owing to a quick reversal having taken place, it is usually the result of an over-bought or an over-sold market. Otherwise, it is caused by accidents or unexpected news. Were it not for these factors, the interpretation of a trend chart would be a very simple matter.

From November 19th to 30th there is a marked decline, only one small rally having taken place on November 26. This rally failed to bring the line up to 106; it only reached 105½. The trend line then turned down and broke through 105, which was the former low. Failure to make a normal rally after the first low point, or after the low point of November 30th, indicates still lower prices. If the line should again go below the bottom of November 30th, the downward indication would be accentuated.

Looking at the chart in a broad way, the inference is that an enormous distribution of stocks has taken place during the period recorded. Anyone who has watched the tape has been given confirmation of this. Heavy selling has set in at frequent intervals and the market was given all the stock it would take up to a certain point. Inside support would then appear and a manipulated rally be brought about. After jacking prices up to a new high level by what I call the "hypodermic method," the selling process has been repeated and, up to date, is still going on.

There is no way of telling exactly how long this will continue, nor whether, when the market moves out of its present groove, insiders have completed their liquidation. The market may go down before they get through, or the situation may change, so that they will be encouraged to put prices still higher. Should manipulation to new high levels take place, it will indicate that there are some large holdings which remain to be unloaded.

Next to the trend, the most important thing is knowing the *time* to buy or sell.

If the trader who is away from the market could carry in his head all the larger moves of the principal stocks, just as tape readers carry the smaller swings, it would simplify matters. But as those who will probably make the most use of these suggestions are engaged in other tasks during the day and can devote but an hour or two daily to this work, it is necessary for them to adopt some simple method of recording market movements.

For this purpose there seems nothing better than a chart which records every movement of one point or more. Into such a chart may be condensed all the swings of months and years, and from it may be read not only the trend of the stock, but the most advantageous time to buy or sell.

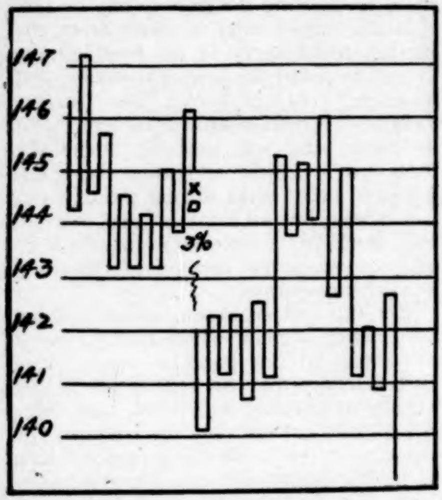
As we are now considering the *time* when commitments may best be made, and as six out of the eleven methods outlined necessitate or at least are simplified by a knowledge of chart interpretation, it will pay us to devote some attention to the matter.

First let me say that a chart is one of the most misunderstood things in Wall Street. It is looked upon as a machine for indicating double tops and bottoms and for otherwise showing when to make certain automatic plays. The chart is used and abused by thousands of mechanical traders. It often shows them when to get on, but seldom when to get off. The main trouble in connection with charts is the absence of logic—failure to apply correct and accurate thinking.

THE CORRECT WAY TO DRAW A CHART

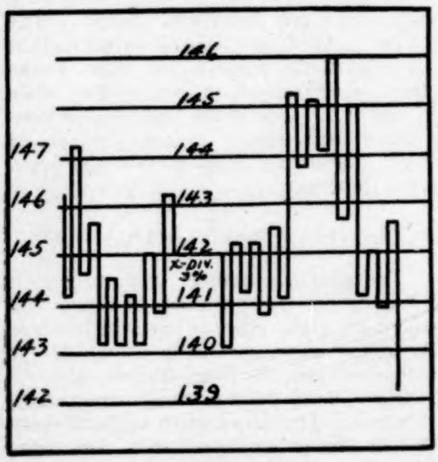
The previous number contained some ideas on the interpretation of charts, but there are many other points which should be made clear, especially as we are to consider charts of individual stocks.

First, as to the correct construction of a chart. The chief fault with all published charts we have seen and with those drawn by most individuals for their own use, is in recording the ex-dividend periods. The following, taken from a chart published by a prominent firm, will illustrate:



Incorrectly Drawn Chart

This chart shows that the day before the stock sold ex-dividend, the price stood at 145. Next morning, when the stock opened at 142 it had not *declined; it was selling at the same price, allowing for the dividend.* In order to show this correctly on a chart, we change the scale at the side thus:



Correctly Drawn Chart

This shows us the stock in an entirely different light. The incorrectly drawn chart makes it appear that the stock declined six points, whereas it actually declined but three. The first chart would have us believe that the support evidenced around 143 melted away when the dividend came off and that the subsequent recovery to 146 was simply a second top at that figure.

The correct chart shows that after the dividend came off the support was slightly higher than before; that the supporting point was gradually raised, the stock actually reaching a new high level—three points above the preceding top.

We do not know of any charts which are at present being published in this form. Hence we advise students to construct their own, gradually building them up from day to day and studying them carefully as they proceed. Charts can be made from the following daily papers and lists, which are the only ones giving detailed transactions:

(1) *The Wall Street Journal,* published week-days by Dow, Jones & Company, 44 Broad Street, New York. Subscription price $1 per month.

(2) *The Evening Sun,* published every week-day at Park Row and Frankfort streets, New York. Subscription price $2 a year.

(3) The Official New York Stock Exchange Lists, issued week-days by Members of the New York Stock Exchange to their branch offices, correspondents and large customers.

The Wall Street Journal and the *Evening Sun* are obtainable in New York City at 3:30 to 4 o'clock P. M. daily, and in the suburban districts a little later. They are mailed by the publishers so as to reach, next morning, out-of-town points within a wide radius.

It may be well to remark here that only a comparatively few of the suggestions which we intend to embody in this series are dependent upon charts. Many others will be adapted to the requirements of those who have neither the time nor the disposition to do even a small amount of this class of work, and files of the above publications should be kept for study purposes.

THE COMMONSENSE INTERPRETATION OF CHARTS

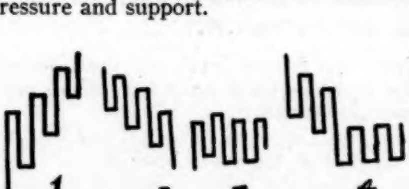
And now something as to interpreting

the charts of individual stocks. In a general way, it may be said that all stocks run more or less true to the trend of the whole market. Of course, there are times when for some special reason certain issues go off on a little jaunt of their own. This affects the general list to a greater or lesser degree. (Elaborated in Chapter III of the "Studies in Tape Reading" entitled "The Stock List Analyzed.")

Then there are periods when the whole list will go down sharply without affecting the up trend. Also, while the trend may be downward we frequently observe great strength in certain issues. But as a general thing the trend is pretty clearly defined and the movement of nearly all stocks is with, not against, the current.

Take up the chart of any stock and you will find that at times its forecasts are distinct and therefore easy to follow, but frequently its movements reverse and contradict those directly preceding, so that the player is confused. He must not go in at such times and if he is already committed, he must close out or protect himself by the use of stops so that his risk is limited.

A study of charts of all kinds and descriptions seems to show that the following indications will apply generally, bearing in mind that we are trying to look at charts from a commonsense standpoint—that of supply and demand, pressure and support.



1 2 3 4

No. 1 indicates an up trend, evidenced by increasing demand, higher support or both.

No. 2 is the reverse—a down trend due to increased supply, lack of support or both.

No. 3. A stationary market. Supply and demand equally balanced.

No. 4. Support after a decline.

No. 5. Distribution after a rise.

No. 6. A rise in which demand is at first very strong, then decreases as it meets selling. Note the gradually decreasing power to forge above former tops. As the range narrows the likelihood of a reverse movement increases, but new influences may carry it to still higher levels.

5

6

7

8

No. 7. After a break and a normal rally of half the decline, the stock settles down and awaits a new impulse.

No. 8. After being held within a certain range for a considerable time, the stock goes up into new territory, showing that fresh influences are at work. The same thing might happen on the down side, if the line of bottoms were broken through.

The next thing is to learn to interpret these indications from your own charts. The example given in the foregoing chapter describing 1907-8 movements of the whole market will give some idea, but more light will be thrown upon the subject by studying charts of individual stocks.

WHAT THE SMELTERS CHART SHOWS

Take the chart of American Smelting and Refining, March 2 to May 8, 1909, and for convenience, number tops and bottoms consecutively. Remember that in a one-point chart the top or bottom is not formed until after the price has reversed itself one point. For example, take the first run up from 82¾ to 84½—we do not know that 84½ is top until

the price has touched that figure and receded to 83½.

With this point clearly in mind, we will proceed to study out the chart indications. We will not make imaginary transactions but will simply devote our attention to the interpretation of the chart.

After making Top No. 1, the line turns down to 82⅝ (2), which is ¼ lower than the first bottom. This, of itself, is warning that lower prices are to come. After Top 3 is formed, the line breaks through the previous bottom and continues to 80¾ (4), but as soon as it recovers to 81¾ this bottom is formed and we see that it is very much lower than the one previous.

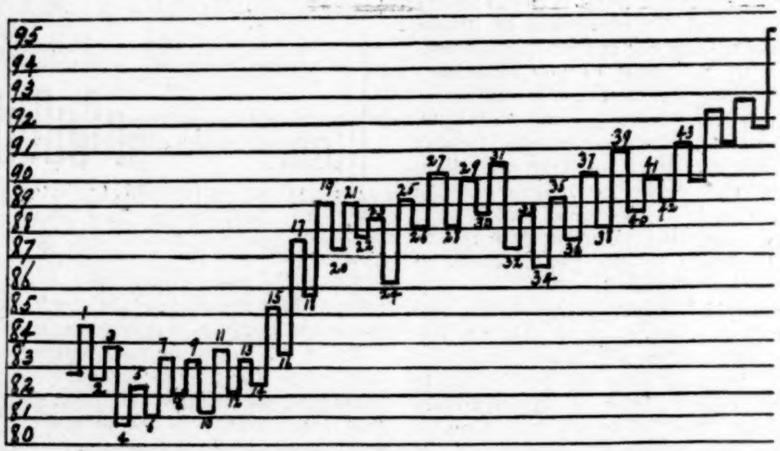
The advance continues to 82¼ (5), and when it turns down a point from that figure, forms a top still lower than the two previous ones, but at 81 (6) it turns up and when 82 is reached, we know that a new bottom has been formed (6) higher than that previous (4). This is important and forecasts a rise, indicating as it does that pressure shows signs of being overcome by support, and as the line continues above Top 5, we have further indications of this.

Top 7, followed by Bottom 8, makes the up trend very clear. Top 9 is only ⅛ below Top 7 and Bottom 10 (which is not formed until after the stock has gone down to 81¼ and recovered to 82¼) warns us that the trend may again turn down. However, Top 11 is higher than either 7 or 9, which renews the bullish indication.

Bottom 12 is higher than 10, and while Top 13 does not go as high as 11, Bottom 14 is higher than 12, which shows better support. As the line forges on past Top 13 and up to 85⅛ (15), which is above all previous tops, we feel increasing confidence on the bull side.

Bottom 16 confirms this and Top 17 is nearly three points above its predecessor. Nos. 18, 19 and 20 further strengthen the bullish indication, but as the stock has now had a rise of over eight points from the lowest level, we must be on the look-out for a setback equal to one-half this amount.

When Top 21 is formed it will be seen that it is at the same level as 19. This shows that the lifting power of the market is not sufficient to force the price above Top 19. Bottom 22 is also only slightly above 20 and, after making 22, the lower top (23) is formed. Bottom 22 is broken through and 24 is formed, which constitutes a three-point reaction. The rise from extreme low, 80¾, to extreme high, 89⅛, has been 8⅜ points. Figuring that the stock should go back half way, this would make the normal point to which the reaction should extend, 85 or 84⅞; this will be 4⅛ or 4¼ points back from the top.



American Smelting and Refining. March 2 to May 8, 1909

It is a fairly accurate indication that the initial movement has run its course when it goes back half of the advance. Ordinarily, after a stock advances 8⅜ points, if it does not go back to one-half of its rise, there is reason to believe that the lifting power beneath it is not yet exhausted and that the pressure is not sufficient to force it back half way. So when bottom 24 is formed and the line continues upward past Top 23, we may regard it as an indication of a further advance.

The advance continues to the former high level, 89⅛ (25). This is the third time the advance has been opposed at this figure, but this time it forms a very much higher bottom at 88 (26), and finally pushes on through to 90⅛ (27), which is the highest level yet recorded.

Bottom 28 is a fraction higher than the one previous and Top 29 is ⅛ lower than the former top. These are signs that the movement is beginning to narrow down and when this happens, a change of trend very frequently occurs. Bottom 30 is a little higher than 28 and Top 31 is still higher than previous tops, which looks as though the advance were to be resumed, but the stock, after making Top 31, declines below Bottom 30, and forms Bottom 32, which is over a point below No. 30.

Top 33 then appears at a much lower range, and Bottom 34 is lower than 32. The trend of all this is downward, beginning when the line from 31 to 32 breaks past Bottom 30. After making Bottom 34, there is a rise to 89⅛ (35), and when the price goes back to 88⅛, Top 35 has been formed.

The first sign of the up-trend here is when the line from 34 to 35 breaks through Top 33 ¼ or more, and the higher top (35), when formed, is the first confirmation.

Bottom 36 is higher than 34, which is the second confirmation that the trend has turned upward. 37, 38, 39 and 40 show a strongly marked up-trend. Top 41 warns us of danger, but Bottom 42 eliminates it.

Henceforth, indications are clear until the top at 95½, which occurred on May 8th, is reached.

It will be seen from the above that, in the interpretation of charts, there are times when the indications are perfectly clear, and other times when we are either warned, left in doubt, or influenced to change our position. When a trader doesn't know exactly what to do, he had better stand pat. No chart will tell an operator what to do at all times, but, generally speaking, it will tell him a great many things that he cannot carry in his head in a sufficiently accurate way to assemble and act upon them at a moment's notice.

(CONTINUED IN THE FEBRUARY ISSUE)

Farming and Gambling

"It is impossible to prevent gambling in Wall Street. It would be a good thing for the country if the law could prevent unwise farming, but instead of trying to do that, the government is undertaking to encourage wise farming by disseminating intelligence on the subject and showing how profitable it can be made. The same policy will have to be followed in Wall Street and on the various produce exchanges, where we find the same kind of speculation and the same kind of gambling. If the State of New York should enact a law forbidding any man to buy or sell stocks on margins, who could not correctly interpret a corporation report, there would be plenty of room for new members on the floor of the New York Stock Exchange. But wisdom is something that cannot be legislated into people. Just as farmers are learning that scientific agriculture pays, so must the so-called speculators of Wall Street be made to see that knowledge is essential to successful deals in stocks."—*Journal of Accountancy*.

How to Select Investments

By WILLIAM WALKER

III. Reserve Fund—Distribution of Risks

THE distribution of investments is a subject to which little attention has been given in this country. In England it has been carefully worked out and made the basis of what is recognized as the science of investment.

Some of the great American insurance companies, however, have devoted attention to this matter with excellent results. The investment risks of the "Big Three" insurance companies are worldwide. One of them owns securities of 14 different nations, all the principal cities and states of the United States, and about 72 different railroads. Another held, in 1908, state and municipal bonds in 18 countries, bonds of railroads in three countries, and total investments divided among 164 securities.

While the enormous cash balances of these insurance companies have, in the past, been sometimes placed at the service of speculators, no one can dispute the skill of their officers in placing investments, or the excellent results which have been obtained. The example of these companies in the distribution of their funds is worthy the careful study of the small investor.

It is all right to follow Carnegie's advice to "put your eggs all in one basket, and then watch the basket," but the ordinary small investor cannot do this. He may have his eye glued to the basket and think he is safe; but somebody on the inside may be making an omelet of the eggs. Before putting all the eggs in one basket, it is well to be inside the basket yourself, where you can make your own omelets; otherwise, it is safer to pick out several of the strongest and best-made baskets you can find and distribute your nest eggs among them.

GEOGRAPHICAL DISTRIBUTION

The chart herewith shows very plainly the advantages of geographical distribution. This chart was made by taking six or eight sound investment stocks for each country represented, each stock covering, so far as possible, a separate line of business. The price of each stock was obtained for December 31st of each year, then the prices of the several stocks were averaged.

Owing to the differences in the par value of stocks in the various countries, this chart cannot be accepted as strictly accurate to scale. It shows in a general way, however, the results that would have been obtained during the ten years period by the investment of a certain amount of money in the stocks selected in each of the different countries.

It will be seen that an investment in any one stock, or in a selection of stocks in any one country, would have undergone considerable fluctuations, but an investment distributed equally among the six countries would have been essentially non-fluctuating, for during any year in the decade, declines in some countries were offset by advances in others.

The chart shows clearly enough why it is that the geographical distribution of investments is a live topic in France and England, but is neglected in the United States. French and English stocks have shown an average decline, hence investors in these countries are turning to other parts of the world in order to insure the maintenance of their capital; but in the United States, where values are steadily advancing, with only temporary set-backs, the investor sees no good reason why he should look abroad for opportunities. The best opportunities lie right at home. Doubtless the time will come when the resources of North America are partly exhausted, so that the investor can secure better results in still newer fields. Even at the present time, the judicious selection of some Canadian, Mexican or South American

state or municipal securities may sometimes be of advantage.

DISTRIBUTION OF RISKS IN A SINGLE COUNTRY

It is safe for an insurance company to guarantee the owners of 100,000 buildings against loss by fire, for the reason that it is mathematically impossible for more than a small percentage of these buildings to burn in a single year. Similarly, if your investments are distributed over a wide range of different countries, different localities and different lines of business, the law of averages works in your favor.

A large proportion of bank failures is due to the violation of this principle. A bank president sees what he believes to be a splendid opportunity—very likely in the promotion of some local enterprise—and invests a large part of the bank's funds in it. Some unforeseen disaster wrecks the enterprise and the bank is compelled to suspend.

The investor must be careful, however, in the effort to place his money in such a manner as to distribute the risk, not to accept any greater risk on any part of his funds than if he were to confine his investment to a single security.

Your object is to take the smallest possible risk on the amount which you have set aside for a reserve fund. If, for example, you can put one-third of it into a bank stock, one-third into railway equipment bonds, and one-third into a real estate mortgage, with the assurance that any one of the three securities is strong enough so that your entire reserve fund could be safely invested therein, you have improved your position by the distribution; but if any one of the three is, for any reason, less desirable than the other two, then you would better have confined your investment to the strongest.

In the next article, certain classes of securities will be pointed out which are especially desirable for inclusion in your reserve fund.

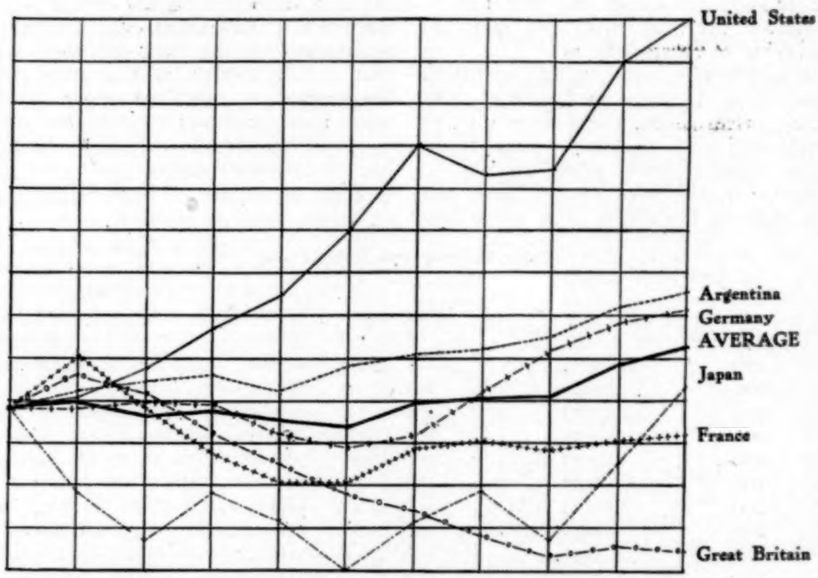


Chart Showing General Fluctuations of Investment Securities in Six Different Countries During a Ten-year Period

[CONTINUED IN THE FEBRUARY ISSUE]

Two Good Days at Tape Reading

By ROLLO TAPE

BELOW is a record of transactions made by me for account of a client, results having been obtained by following the methods suggested in my recent series on Tape Reading. The object is to show the possibilities along this line and to encourage the many who are now endeavoring to master the art.

It will be observed that out of fifteen transactions, figuring on the buying and selling prices alone, there were thirteen profits and only one loss. One transaction showed neither profit nor loss.

Seven trades were on the long side and eight on the short. The stock fluctuated between 166¾ and 170⅜ (3⅝ points) during these two sessions (November 22 and 23), and gave numerous trading opportunities.

All transactions were protected by a close stop, in some cases not more than ⅛ or ¼ from the original buying or selling price. These stop orders were not always put on the floor for the reason that in such active trading, stops could be changed or cancelled more quickly when they were carried in the head and executed "at the market" when the price hit the required figure.

The transactions with profits or losses in points were as follows:

Table Showing Two Days' Trades

			Bought	Sold	—Points— Loss	Profit
200	Reading	long	167½	168¼		¾
200	"	short	167¼	168⅜		1⅛
200	"	long	167¼	168¾		1½
200	"	short	169⅝	169¾		⅛
200	"	short	169	169½		½
200	"	short	169⅛	170		⅞
100	"	short	169⅝	170		⅜
200	"	short	168⅛	169⅞		1¾
200	"	long	168	168		even
200	"	long	168¼	168¾		½
100	"	short	168	169¼		1¼
100	"	short	168⅛	169¼		1⅛
200	"	long	168⅛	168½		⅜
200	"	long	168¼	169		¾
200	"	short	169¼	168⅜	⅞	
2700					⅞	11
	Commission				3⅜	
	Tax (about)				¼	
						4½
	Net profits, in points					6½

Good Profits

How a Small Trader Earned About 100 Per Cent. on His Capital

I AM handing you a record of my past operations. Any criticism will be appreciated. My methods of trading are not very definite and I have undoubtedly much to learn. I am a very small trader and depend mostly upon judgment, derived from reading all the financial matter I can get hold of. I am not always in the market, preferring to stay out until I think things look clear.

I use stop orders only to protect paper profits. This I know is against your teachings and some day I may be convinced that your plan is the better.

I always make my first purchase a third or fourth of the amount I want to buy, then average if my stock declines. I made my first trade in the panic of 1907, previous to which time I knew very little about the stock market. This was a short trade; the only one in my record. I didn't dare to sell short in the bull market which followed, preferring to wait for a break to replace purchases.

When I sold out my Copper on July 16, '08, I did so on account of the Standard Oil decision which would be handed down in a few days and I didn't care to be in the market at that time. I made a mistake in not replacing my line when the decision was favorable. Again, on September 14, '08, I sold out at a small loss because things didn't look right to me and replaced my stock a week later almost six points lower.

I started with $800 cash capital and believe I should be satisfied with the profits on amount invested. Losses and profits are not figured to the cent, but are substantially correct.—W. D. B.

You have done very well, but your success is due more to good luck than good management. The weak point is in your method of averaging. When your fourth and fifth purchases of American Smetling were made (Jan. 18 and Feb. 10) your capital had increased to $992. You started to buy 25 shares every ten points down. The price declined to 55½ only, so you could not secure the third lot at 52. Had you done so, your average price on the 75 shares would have been 62 and your margin good only to 49. At the low point (55½) you actually had only 8 1-2 points margin on 50 shares bought at an average purchase price of 67. A few more points decline would have forced you out or made you put up more margin.

It is best never to average unless you buy outright. Many a follower of the average plan bought on margin in the March and October (1907) panic days and lost his shirt in November.

Outside of this you have some very good ideas, and if you will *always* place yourself where *nothing* can touch you, your success should continue.

	BOUGHT			Price.	SOLD	Price.	Loss.	Profit.
1	Oct. 16, 1907.	15	Am. Smelt.	72	†Oct. 15, 1907.	76⅛		$63.00
2	Oct. 22, 1907.	15	Am. Smelt.	65	*Jan. 8, 1908.	74		161.00
3	Jan. 15, 1908.	25	Dis. Sec.	35	*Apr. 24, 1908.	34	$32.00	
4	Jan. 18, 1908.	25	Am. Smelt.	72	*Mar. 26, 1908.	74		337.00
5	Feb. 10, 1908.	25	Am. Smelt.	62				
6	Apr. 6, 1908.	25	Am. Smelt.	68⅛	*Apr. 30, 1908.	72⅛		92.00
7	May 4, 1908.	25	Am. Smelt.	71	*May 16, 1908.	77⅛		142.00
8	June 4, 1908.	25	Amal. Cop.	66¼	*July 16, 1908.	69		58.00
9	Aug. 18, 1908.	25	Amal. Cop.	77⅝	*Sept. 14, 1908.	78	8.00	
10	Sept. 21, 1908.	25	Amal. Cop.	72⅛	*Oct. 29, 1908.	79		155.00
11	Dec. 28, 1908.	20	Am. Loco.	58¼				
12	Jan. 18, 1909.	20	Am. Loco.	56	*June 7, 1909.	61⅛		268.00
13	Feb. 20, 1909.	20	Am. Loco.	52⅛				
							$40.00	$1,272.00
								40.00
					Net profit			$1,232.00

*Long. †Short.

The Fundamental Cause of the Trade Cycle

A Study of the Principle which Underlies Fluctuations in Business Activity

By G. C. SELDEN

THE investor or speculator cannot have too thorough a knowledge of the fundamental causes which lie at the basis of price changes. It is almost safe to say that no trader who has merely a superficial knowledge of the market ever attains great success. A trader may secure substantial profits over a period of years, but his prosperity is not permanent unless founded upon the bed rock of knowledge of conditions.

One of the first points to strike the experienced man of affairs, or the student of market literature, is the curious fact that business conditions and stock market prices seem to pass through a more or less regular cycle from panic to boom and back again. This is explained by various vague phrases, like "over-extension of credit," "scarcity of capital," etc.

Perhaps Theodore Burton's "Financial Crises" is the most valuable and practical book on this subject for the non-scientific reader. In his chapter on "Causes of Crises and Depressions" he says:

"The central fact in all depressions, as well as in those crises which are followed by depressions, is the condition of capital. These disturbances are due to derangements in its condition which, for the most part, assume the form of waste or excessive loss of capital, or its absorption, to an exceptional degree, in enterprises not immediately remunerative. In some form or other this waste, excessive loss, or absorption, is the ultimate or real cause."

But granting that the exhaustion of capital is a true cause of crises and depressions, what is the cause of the exhaustion of capital? Capital is controlled by men. Why do men, at one period, unite to waste their capital by extravagance or to invest it in disastrous or non-productive enterprises and at another period unite to accumulate capital? Why do not the supply of capital and the demand for it adjust themselves to each other, just as water seeks its level? Why should there be a continual swing, over a period of years, from exhaustion of capital and high money rates to over-supply of capital and low money rates?

In other words, what is the cause of the alternation of good times and bad times to which all business men have become accustomed? To understand the operation of these forces and their effect upon the markets, it is necessary to understand the underlying cause. In the *Quarterly Journal of Economics*, Vol. XVI, No. 2, the writer endeavored to investigate this problem in a scientific way, and from that study parts of the present article are taken.

SUPPLY AND DEMAND

It is customary to say that prices are adjusted by supply and demand; but it is absolutely impossible, in practical business, to separate speculation from the natural action of demand and supply. Even in the simplest consumptive purchases the element of foresight is frequently present. If a man accustomed to wear a particular brand of shirts sees them for sale at half-price, he is likely to buy an extra half-dozen. He accumulates a stock in the expectation of higher prices. When the housewife goes to her grocery on bargain-day and finds

sugar selling at five cents a pound, the ruling price being six cents, she will almost certainly purchase more of it on that account in anticipation of future wants. Even the school-boy, seeing pencils for sale at three cents each, two for five cents, will often buy two, expecting eventually to need the second.

Economists have paid much attention to the fact that the buyer will purchase at the cheapest *place*, but have said little about the secondary principle, that he will try to buy at the cheapest *time*. The same trait of human nature which leads a stock speculator to buy for an expected rise, operates in nearly every purchase, even the most trifling, throughout civilized society.

There are, however, two important differences between the speculative cycle in the stock market and this unconscious speculation which permeates all purchases and sales.

First, stock exchange securities are neither produced nor consumed, in the ordinary sense of those terms. Some stocks may be retired or exchanged or an issue may be increased if the charter permits, and new companies will be floated from time to time; but under ordinary circumstances these incidental changes in quantity do not seriously modify the general character of the stock exchange cycle. The speculative principle predominates to such an extent as to be almost supreme.

But, in considering the industrial cycle, we have a body of goods never twice the same, constantly increased by production and decreased by consumption. The law of demand and supply predominates, and the "instant of anticipation" has only a secondary influence. We may therefore expect to find the general swing of trade fluctuations much longer and more varied than the stock exchange cycle.

Second, securities bear interest or are expected to do so, while goods do not. Consequently, when commodity prices are declining, there is not always present a large body of investors waiting to buy. In the case of an article which is in general use and can be kept indefinitely, like corn, this makes but little difference, as investors know that it will always have value, and that declining prices will check production and stimulate consumption. Hence many are ready to buy at any considerable decrease in price. But articles produced to satisfy a particular want may be almost unsalable when that want disappears.

If, for example, retailers and jobbers find themselves greatly overstocked with bicycles, owing to any decrease in the purchasing power of the people, the machines may command only a nominal price; for, before the public recovers its ability to buy, the style desired may have completely changed or the sport passed out of fashion. Business men say that such an article is "worth whatever you can sell it for."

Accordingly, we may expect that the fall of prices will be relatively more severe in an industrial depression than in course of a purely stock exchange cycle.

ANALYSIS OF THE TRADE CYCLE

The trade cycle has been said to include ten or eleven years on an average, roughly divisible into three years of depressed trade, three of advancing trade, and three of excited trade, followed by a panic. It is doubtful if such a classification is of any real assistance. Perhaps the most that can be said is that a panic is always followed by a period of depression, varying in length according to circumstances; a second period of advancing prices and increasing activity, which may or may not be interrupted by important reactions; and a third period of prosperous trade, often accompanied by excited speculation, culminating in a shorter period of contraction, which is usually at some portion of its course sufficiently sudden and severe to be termed a "panic."

During the period of depression, production and consumption, partially disorganized and unbalanced by the preceding collapse, gradually readjust themselves upon a smaller scale to accord with the new conditions. The people, as a whole, feel themselves poorer. Many have lost heavily by the depreciation of their property. Every one is economizing, using fewer or cheaper goods. Since consumption is thus re-

duced, production must be correspondingly cut down. Less money is received as wages, hence less can be spent in consumption, and so on in a vicious circle. The people are spending less because they are receiving less, and are receiving less because they are spending less. The circulation of the body politic has become sluggish. Capitalists have no courage to invest in new enterprises; and those already established are conducted cautiously, if not timidly. Idle currency accumulates in bank and government vaults.

This condition prevails until some event occurs to give prices an upward start. It may be a political change or a new government policy which convinces capitalists generally that the time is favorable for new undertakings and induces them to pay out money as wages for the construction of railways, factories, mines, etc., thus putting into active circulation some of the currency previously lying idle, and increasing the consumptive demand by wage-earners without a corresponding immediate increase in the supply of consumer's goods. It may be heavy government expenditures obtained by borrowing, as in war, mortgaging the future for the benefit of the present. It may be the discovery of extensive gold mines, provided the new gold is *spent,* so as to increase consumptive demand. If it is merely stored in bank vaults and the owner given credit for its value in dollars, its service in setting trade in motion will be slight and indirect.

FOREIGN TRADE

Again, the stimulating event may be increased sales of goods abroad, and under modern conditions this is usually the most important feature. Although the commercial relationship of different nations is now so close that a panic in any one of them is felt by the others, the resulting fall of prices is by far the most severe in the country which contains the primary cause of disturbance. Consequently, that nation finds itself in a position to sell goods in competitive markets to much better advantage than before. Foreign consumers discover that they can buy cheaper in that country, and an increase in its exports follows.

While sales to other nations are growing, imports are declining. The feeling of poverty among the people lessens their purchases of foreign-made goods, and the fall of prices at home makes it relatively more advantageous for them to patronize domestic producers. Less money is spent abroad by travelers, and interest payments to foreign stock and bondholders are smaller because of the comparative depression and unprofitableness of home industries.

Increasing sales to other countries and decreasing purchases from them can have but one ultimate result—the receipt of money in payment of the balance due. Foreign exchange gradually weakens to the gold-importing point, and an inward flow begins. Such receipts cannot pile up in bank vaults. The money is sent to pay for goods, and finds its way, directly or indirectly, to the producers of those goods. For the most part capitalists have anticipated its arrival by payments to farmers for their products and to wage-earners for their labor. Thus imports of gold are speedily converted into effective demand for goods.

The first result of this increased purchasing power on the part of consumers is the renewed activity of established industries. So long as the demand does not exceed the capacity of the favorably situated portion of the existing producing plant, there is little advance in prices.

SPECULATION BEGINS

It is at this stage that the operations of the irrepressible speculator begin to have noticeable effect. During the preceding period of depression there has been little inducement to buy anything in the hope of selling it higher. A few thoughtful men have been expecting history to repeat itself, and the trade cycle to take its natural course; but they have been uncertain when the advance would begin, and the same experience which led them to predict a recovery also taught them that there would be ample opportunity to make purchases after the appearance of definite indications of coming improvement. When this class

perceive an actual increase in demand for goods, based upon reasons which seem to them good and sufficient, they accept it as a signal that an era of active trade and rising prices is at hand. A very few have been shrewd enough just to anticipate this increased demand by acquiring industrial plants in advance at low prices. These are the stuff of which millionaires are made.

At this point the effort to profit by foresight is confined almost entirely to investors and business managers. The general public is still skeptical of any permanent improvement. Many farmers take advantage of the first little rise in the price of grain to dispose of what they have carried through the period of depression, and only a few continue to hold and accumulate for a further advance. Small shopkeepers are cautious about increasing their stocks of goods. But shrewd investors are buying up interest-paying properties or those which they believe soon will be interest-paying, and the wideawake business man is increasing his stocks of raw material and is a little less urgent in his efforts to sell the finished product.

Thus the first increase in demand, due to the greater purchasing power of consumers, is closely followed, and in the case of some few individuals even accompanied or preceded by a second increase caused by the effort to speculate; and, as soon as this combined demand passes the capacity of the favorably situated portion of the existing producing plant, rising prices result.

There soon appears a great pressure of capital seeking investment. During the period of depression there has been but little accumulation of new capital. The profits of successful enterprises have scarcely exceeded the losses of others. There has been a constant transfer, but very little net increase. Production has been upon such a reduced scale as merely to meet current consumption, without leaving much surplus to be laid by as capital. But, now that trade is again active, there is a steady accumulation of funds in investors' hands, awaiting profitable employment. Stocks and bonds are gradually absorbed until they reach prices that yield but a small rate of interest on the investment.

This advance in securities, accompanied as it always is by active stock exchange speculation, calls public attention to the upward trend of prices, and has an important sympathetic effect on commodities. Dealers on the produce exchanges adduce the lively stock market as a reason for higher prices on grains. A constantly increasing number of people begin to perceive that a period of advancing prices is in progress. Some speculate definitely and intentionally, buying what they do not want in the expectation of selling it at a profit. The vast majority, however, merely buy quickly what they would otherwise have bought cautiously, and sell slowly what they would otherwise have sold urgently. In buying, they pay the seller's price; and, in selling, they set their own figures and hold to them tenaciously, thus continually aiding the advancing tendency, but at the same time slightly increasing their stocks on hand.

NEW ENTERPRISES

The next stage may be called the period of new enterprises. Accumulating capital overflows existing opportunities for investment and seeks other outlets. New projects for transportation, manufacture, mining, agricultural plantations, oil wells, etc., find ready support among those whose growing funds would elsewhere net them but a low rate of interest. Some of these enterprises are sound and secure. Others are overcapitalized, and will need to go through assignment and reorganization before reaching a permanently paying basis. Still others are founded upon misrepresentations, and ready to be bowled over by the first passing breeze which chills the enthusiasm of speculators.

Rising prices are accompanied by decreasing exports and increasing imports. Foreign buyers are unwilling to pay the advance, and find it profitable to purchase elsewhere. Foreign sellers discover that the higher scale of prices gives them a surplus above transportation charges on some new classes of goods.

If prices were dependent only upon the mathematical principles of demand and supply, an equilibrium would soon be established among the price-scales of the

various commercial nations, disturbed, indeed, by variations in crops, mines, wars, pestilences, etc., but always, like water, seeking its level, and not under the control of any broad tide-like oscillations. But, owing to the workings of the instinct of anticipation, the upward movement of prices has acquired momentum.

The public is convinced that "prosperity" has come to stay, and it is a curious fact that in the minds of the vast majority the idea of prosperity is inseparably connected with advancing prices. At least nine men out of ten are natural optimists. If it were not for that fact, civilization would make slow progress; for the one permanently successful enterprise rises out of the ashes of nine failures. Stock-brokers will tell you that 90 per cent. of their customers are "bulls."

Some years have passed since the last panic, and the painful lesson then impressed upon the public mind has become dimmed by lapse of time. From being over-cautious during the period of depression, the people in general have now swung to the opposite extreme, and have become over-confident. The higher prices go, the more speculation increases, the more ready is the buyer of goods to pay a slight advance, and the less urgent is the seller to dispose of stocks on hand. Business men everywhere are inclined to "branch out," to put their profits into the enlargement of their business in a manner similar to "pyramiding" in the stock market.

Even the consumer usually has on hand at this period more goods than he had during the preceding depression. The farmer has considerable supplies of grain. "Times are good," he says, so that there is little risk in carrying it, and prices are likely to be higher. The merchant is having a lively trade, and is well stocked up. The business man has a quantity of raw material on hand, to forestall delays, and more contracted for. He also has a considerable stock of finished goods, for which he anticipates an easy sale. Investors own stocks and other property bought at high figures. Every one is speculating, consciously or unconsciously, seeking to anticipate the expected continuance of good times and high prices; and nearly every one is "loaded" with goods.

Real estate is the last to "boom," because great activity in building operations cannot prevail until the people have accumulated sufficient funds to pay for new and better accommodations. Speculation in land often runs to absurd extremes, so that large sums are paid for the "option" on a property for a specified time—agreements exactly equivalent to "privileges" on the stock or produce exchanges. Such a condition of the real estate market is apt to mark the culmination of a period of prosperous trade.

EXPORTS OF GOLD

Decreasing exports and increasing imports soon result in an outward movement of money to pay the balance. Since sales of goods to other nations lessen the quantity at home and purchases abroad increase domestic supplies, this shifting in foreign trade causes an enlargement of stocks on hand. A nation which sells less and buys more, without any corresponding immediate decrease in production, must accumulate; and exports of gold are the visible sign of this accumulation.

The most important influence of gold shipments, however, is in causing the shrewdest class of business men to begin selling their least desirable property and stocks of goods. It is a maxim among such that there is a time when it pays better to allow money to lie idle than to invest it in any other form of property. When the rise in prices began, these men turned their money capital into goods so far as practicable. They now fear falling prices, and therefore turn their goods into bankable funds. To put it in another way, far-sighted men buy money, because that goes up when everything else goes down. As yet they are content to leave it in the banks, where interest is paid on it, while at the same time it appreciates through declining prices.

When the ablest business men thus dispose of their property, they must necessarily sell it to those less keen in anticipating and therefore, as a rule, less wealthy. The general public has at that time no more expectation of falling

prices than it had of a rise during the period of depression. The people are confident, even enthusiastic, and relatively prosperous. Consequently, the shares of many companies, previously held chiefly by a few wealthy men, are found to have become distributed among a great number of smaller owners, and in many instances a considerable portion are held on "margin." Shrewd business men get rid of stocks on hand, with the result that those not so shrewd are left with an extra quantity. Everywhere property is passing from those who know to those who do not know, and from those who own to those who hold largely on credit. A sells property to B, and puts the money in the bank. The bank lends money to B with which to pay for the property.

FALLING PRICES

As the number of those who wish to turn goods into money increases, it is observed that prices are showing irregularity and a spasmodic tendency to decline. At first the majority of the public expect an early recovery and hold on, while those who are already overloaded grit their teeth and borrow more money. But the desire to liquidate spreads like ripples from a stone dropped into a pool. The idea that it is a time to sell rather than buy or hold property gradually penetrates to successively lower grades of business sagacity. The pressure of offerings increases as prices yield, and some of the more extensive borrowers find their credit approaching exhaustion.

Eventually, a point is reached where the keenest capitalists begin to fear an epidemic of failures and consequent embarrassment of the banks. At such a time the actual possession of cash is of far more value to the manager of extensive enterprises than any interest obtainable from the banks, as it protects him against every possibility and ramification of failures, gives him ready money for use in his business at a time when that blessing is enjoyed by few, and enables him to loan to his less far-sighted associates at exorbitant rates.

With conditions as above outlined, the attempt to accumulate cash, even by a comparatively small number of wealthy men, will precipitate a panic. The withdrawal of twenty or thirty millions of currency from New York banks, for example, would be sufficient to cause "tight money" and a brisk calling of loans. If underlying conditions were sound, such a contraction would be merely an incident; but when a great number of firms are in unstable equilibrium, as it were, each leaning upon the others by means of intermingled credits, the collapse of any one pulls down more.

To complete the illustration given a few paragraphs back: A sells property to B, and puts the proceeds in the bank. The bank lends money to B with which to pay for the property. A next withdraws his money from the bank in cash, thus compelling the bank to recall its loan from B. B is then forced to sell the property back to A at whatever price A is willing to pay for it.

If we let A represent a class, those shrewd or lucky enough to prepare for liquidation and panic, and B another class covering all the rest of the property-owning population, then the above illustration is an exact epitome of the descending portion of the trade cycle.

A rise in the money-value of goods is slow and pleasant; but the advance in the goods-value of money—the fall of prices—is short, sharp, and painful. Goods accumulated gradually in the inspiration of hope are thrown recklessly overboard under the pressure of bankruptcy or the spell of fear. It is the survival of the strongest intellectually and financially, and the decline and subsequent depression will not end until the weak are thoroughly eliminated. Moreover, the hoarding of currency in time of panic so lessens the circulating medium as seriously to interfere with the ordinary processes of exchanging goods. It is a periodical breakdown of the social machinery, and one for which our economic and political engineers have so far been unable to suggest any adequate remedy.

DOW'S VIEW

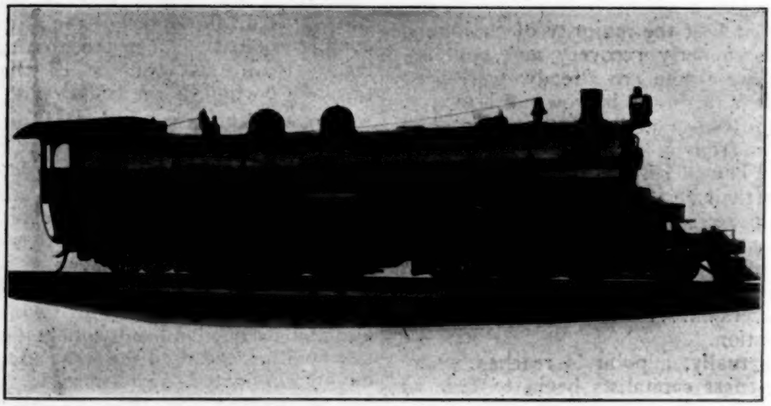
The late Charles H. Dow seems to have been one of the very few who have a clear idea of the fundamental cause of

trade cycles. As quoted by Nelson, in the "A B C of Stock Speculation," Mr. Dow wrote:

"The business community has a tendency to go from one extreme to the other. As a whole, it is either contracting business under a belief that prices will be lower or expanding under a belief that prices will be higher. It appears to take ordinarily five or six years for public confidence to go from the point of too little hope to the point of too much confidence and then five or six years more to get back to the condition of hopelessness."

This alternation between hope and despondency, as expressed in the effort to speculate, not only on the exchanges, but in nearly every purchase and sale of any article whatever, is the underlying cause of the trade cycle.

To sum up, the primary cause of the trade cycle is the effort of buyers and sellers to anticipate a rise in prices. This produces a fictitious enlargement of demand beyond real consumptive requirements, and finally results in the accumulation of considerable stocks of goods. At the same time, prices pass above the average international level. Buyers at these figures are necessarily less shrewd and, on the average, less wealthy than sellers, so that the first important unfavorable development finds much property in weak hands and causes a disastrous decline.



The Largest Locomotive in the World—Recently Manufactured by the Baldwin Locomotive Works for the Atchison Railway Company

Dimensions

Length	105 ft.
Weight	376,450 lbs.
Weight, engine and tender	600,000 lbs.
Tank capacity, water	12,000 gals.
Tank capacity, oil	4,000 gals.
Heating surface	4,756 sq. ft.

General Description

The firebox is of the Jacobs-Shupert patent. After passing through the fire tubes, the ignited gases pass through a superheater, thence through a reheater, then through a feed-water heater before finally escaping through the smoke stack. The temperature of the feed-water is raised to about 300 degrees Fahrenheit. Steam generated in the boiler passes through the superheater, thence through the high pressure cylinders, where its force is utilized to drive the rear set of driving wheels, thence through the reheater, where it is revitalized, thence to the low-pressure cylinders, where it is utilized to drive the forward set of driving wheels.

The Bargain Indicator

Some Notable Changes

NOTE.—Except where otherwise noted, earnings are herein computed for the twelve latest months available, thus keeping the table constantly up-to-date. Additions and betterments are included in the earnings as given, wherever they are so reported as to be distinguishable from ordinary expenses of maintenance, since earnings invested in the improvement of the property are usually of more value to the stockholders in the long run than if they had been distributed as dividends. Such additions and betterments out of current earnings increase the equity of the stockholders and therefore render the stock more valuable.

As this magazine is mailed to subscribers two or three days before it appears on the news stands, subscribers get the first advantage of the Bargain Indicator.

Railroads

Erie is attracting attention by its continued good earnings, and as these earnings apply first on the preferred stocks, we have decided to include the first and second preferred in the table, although neither of these is entitled to more than 4 per cent. dividends. The earnings shown on the second preferred are very heavy in proportion to its price, and as the quantity of this issue outstanding is only $16,000,000, compared with nearly $48,000,000 of first preferred, the second preferred takes the higher position in the table. We have endeavored to make the real position of these stocks clearer by adding foot notes.

Toledo, St. Louis & Western common maintains its high earnings in proportion to price. It should be borne in mind, however, that the greater part of these earnings comes from the dividends paid to this road by the Alton, and that the Alton, according to its annual report recently made public, did not quite earn the dividend paid. This tends to weaken the position of Toledo, St. Louis & Western.

Minneapolis & St. Louis preferred, another Hawley stock, is also paying more dividends than it is earning. Great liberality in the distribution of earnings to stockholders seems to be a part of the Hawley policy.

Rock Island, having sold the St. Louis & San Francisco, loses the recent heavy earnings which were accumulating to the credit of the Rock Island holding company. This improves, in a way, the position of the Rock Island stocks, because it makes their income more certain and less liable to violent fluctuations; but it makes the "earnings on price" shown by the Rock Island under the present very prosperous business conditions much less than before it sold the 'Frisco.

Southern Railway preferred takes a good position as a result of recent earnings, although it is entitled to only 5 per cent. dividends. As the price is, at this writing, only 71, the stock has room to benefit considerably from these earnings before it reaches the limit naturally fixed by a 5 per cent. distribution.

Minneapolis, St. Paul & S. S. M. common has advanced to twelfth place as a result of recent earnings. We have noticed no special reason for these heavy earnings except the general prosperity of the section it serves.

Reading common slides down the list a few places because of the ten-point advance in the price. The increase in the dividend on this stock again demonstrates the correctness of THE TICKER's method of computation as compared with figures which do not include earnings applied to additions and betterments. The same is true of **St. Louis Southwestern** preferred.

St. Louis & San Francisco common is not included in the table, as there is practically none of it in the market, all being held by the group of capitalists who have taken over the road.

Industrials

Colorado Fuel & Iron preferred still heads the list, although the price has advanced ten points since the Bargain Indicator called attention to it. This stock is so inactive, however, that it is difficult to buy much of it.

American Beet Sugar common retains the same place as last month.

U. S. Steel common is a little higher in price than a month ago and, as a result, exchanges place with Beet Sugar.

American Malt Corporation preferred gains two places as a result of the sharp decline in price.

Pacific Coast common makes a further gain in addition to the sharp advance of last month, as the result of continued heavy earnings.

Corn Products Refining Company has made public its earnings for six months to August 31. They are decidedly disappointing and cause the preferred stock of that company to drop to nineteenth place.

International Steam Pump, on the other hand, publishes its earnings for seven months to October 31, showing a large increase, and advances to twenty-eighth place.

National Enameling & Stamping common drops several places as a result of the advance in the price. The same is true of **Utah Copper.**

THE BARGAIN

TABLE SHOWING WHICH STOCKS

RAILROADS

PRESENT EARNING POWER AS COMPARED WITH MARKET PRICE

Position.		Approximate earnings on par.	Price Dec. 11, '09.	Earnings on price.
1	Erie second pfd.	(a) 9.9%	42	23.6%
2	Detroit United	11.0	65	16.9
3	Erie first pfd.	(b) 7.2	51	14.4
4	Buffalo, Rochester & Pittsburg common	11.2	100	11.0
5	Louisville & Nashville	16.2	152	10.7
6	Toledo, St. Louis & Western common	(e) 5.7	53	10.7
7	Colorado & Southern common	5.8	57	10.2
8	Rock Island pfd.	(c) 8.9	89	10.0
9	Union Pacific common	- 20.0	202	9.9
10	Norfolk & Western common	9.8	101	9.7
11	Southern Railway pfd.	(c) 6.9	71	9.7
12	Minneapolis, St. Paul & S. S. M. common	13.8	140	9.9
13	Atchison common	(d)10.8	122	8.9
14	Chesapeake & Ohio	7.6	87	8.8
15	Southern Pacific common	11.0	131	8.4
16	Pittsburg, Cin., Chicago & St. Louis common	(f) 8.2	98	8.4
17	Pennsylvania	11.0	134	8.2
18	Delaware, Lackawanna & Western	46.1	590	7.8
19	Atlantic Coast Line Railroad	10.4	135	7.7
20	Reading common	(g)13.0	170	7.7
21	Delaware & Hudson	12.4	182	6.8
22	Great Northern pfd.	9.7	143	6.8
23	Kansas City Southern common	3.0	44	6.8
24	Twin City Rapid Transit common	7.5	112	6.7
25	Chicago & Northwestern common	11.7	176	6.6
26	St. Louis Southwestern pfd.	5.2	80	6.5
27	New York Central	7.8	123	6.3
28	Northern Pacific common	(d) 9.1	144	6.3
29	Baltimore & Ohio common	7.2	117	6.2
30	Canadian Pacific	11.0	181	6.1
31	New York, New Haven & Hartford	9.5	158	6.0
32	Chicago & Alton common	3.9	68	5.7
33	Illinois Central	7.6	147	5.2
34	Rock Island common	(h) 2.1	41	5.1
35	Brooklyn Rapid Transit	4.1	80	5.1
36	Cleveland, Cincinnati, Chicago & St. Louis common	3.5	76	4.6
37	New York, Ontario & Western	2.2	49	4.5
38	Wabash pfd.	2.5	58	4.3
39	Missouri, Kansas & Texas common	(k) 2.1	50	4.2
40	Denver & Rio Grande common	1.8	50	3.6
41	Minneapolis & St. Louis pfd.	2.9	87	3.3
42	Southern Railway common	(h) 1.0	32	3.1
43	Chicago, Minneapolis & St. Paul common	(i) 4.9	157	3.1
44	Missouri Pacific	2.0	71	2.8
45	Erie common	(j) 0.8	34	2.3
46	St. Louis & San Francisco second pfd.	(a)10.0	60	1.7
47	Wabash common	.0	21	.0
48	Duluth, South Shore & Atlantic pfd.	.0	33	.0
49	St. Louis Southwestern common	.0	24	.0
50	Texas & Pacific	.0	36	.0
51	Wisconsin Central common	.0	49	.0
52	Iowa Central pfd.	.0	52	.0
53	Minneapolis & St. Louis common	.0	54	.0

(a) Entitled to 4 per cent. only. Div. deducted for first preferred. (b) Entitled to 4 per cent. only. (c) Entitled to 5 per cent. only. (d) On increased capital stock. (e) Includes income from Alton dividends. (f) Preferred and common share equally after common receives 5 per cent. (g) Includes betterments on subsidiary companies. (h) After deducting 5 per cent for preferred. (i) On increased capital stock; includes earnings of Pacific Coast Extension 2 months. (j) After deducting dividends for first and second preferred. (k) Betterments north of Red River not included.

INDICATOR

ARE THE BEST PURCHASES NOW

INDUSTRIALS, &c.

BASED ON LATEST OFFICIAL REPORTS

Pos.	Date of Report.		Approximate earnings on par.	Price Dec. 11, '09.	Earnings on price.
1	June 30, 1909	Colorado Fuel & Iron pfd.	(a)42.9%	115	37.2%
2	June 30, 1909	Amer. Hide & Leather pfd.	(b)10.8	47	23.0
3	June 30, 1909	Amer. Agricultural-Chemical com. ..	7.5	44	17.0
4	Mar. 31, 1909	Amer. Beet Sugar com.	7.0	47	14.9
5	Sept. 30, 1909	U. S. Steel com.	(c)13.5	91	14.8
6	Aug. 31, 1909	Amer. Malt Corporation pfd.	6.2	42	14.8
7	May 31, 1909	Virginia-Carolina Chemical com.	7.1	49	14.5
8	July 31, 1909	Amer. Linseed pfd.	5.8	41	14.1
9	Oct. 30, 1909	U. S. Realty & Improvement	(d) 9.8	82	12.0
10	Aug. 31, 1909	Pacific Coast com.	(d)10.7	108	9.9
11	Jan. 31, 1909	Union Bag & Paper pfd.	(b) 7.1	75	9.5
12	Aug. 31, 1909	Sloss-Sheffield com.	(c) 8.2	88	9.3
13	Sept. 30, 1909	Western Union	(c) 6.2	78	8.0
14	Dec. 31, 1908	Amer. Can pfd.	6.6	84	7.9
15	Apr. 30, 1909	Amer. Smelting & Refining com.	7.7	100	7.7
16	Mar. 31, 1909	U. S. Rubber com.	4.0	53	7.5
17	June 30, 1909	Republic Iron & Steel pfd.	8.0	106	7.5
18	Dec. 31, 1908	International Harvester com.	7.8	109	7.2
19	Aug. 31, 1909	Corn Products pfd.	(b) (d) 6.1	85	7.2
20	Oct. 31, 1909	Amer. Tel. & Tel.	(d)10.1	143	7.1
21	Dec. 31, 1908	Peoples Gas	7.8	114	6.9
22	Dec. 31, 1908	National Lead com.	5.8	88	6.6
23	Jan. 31, 1909	National Biscuit com.	7.4	116	6.4
24	June 30, 1909	Distillers Securities	2.3	37	6.2
25	Dec. 31, 1908	Amer. Sugar Refining com.	7.5	124	6.0
26	Dec. 31, 1908	North American	4.8	87	5.5
27	Dec. 31, 1908	Railway Steel Spring pfd.	5.6	106	5.3
28	Oct. 31, 1909	Inter. Steam Pump com.	(d) 2.6	51	5.1
29	Jan. 31, 1909	General Electric	7.4	161	4.6
30	June 30, 1909	International Paper pfd.	2.7	61	4.4
31	Feb. 1, 1909	Mackay com.	4.0	92	4.3
32	Dec. 31, 1908	Tennessee Copper (par $25)	6.5	$39	4.2
33	June 30, 1909	National Eng. & Stamping com.	1.1	27	4.1
34	Dec. 31, 1908	Utah Copper (par $10)	23.3	$61	3.8
35	Apr. 30, 1909	Amer. Car & Foundry com.	2.6	72	3.6
36	June 30, 1909	Amer. Locomotive pfd.	4.0	113	3.5
37	Dec. 31, 1908	Bethlehem Steel pfd.	2.4	68	3.5
38	Dec. 31, 1908	Amer. Woolen pfd.	3.2	104	3.1
39	Dec. 31, 1908	Central Leather com.	1.3	47	2.8
40	Apr. 30, 1909	Amalgamated Copper	2.4	87	2.8
41	Dec. 31, 1908	Consolidated Gas	4.1	152	2.7
42	Dec. 31, 1908	New York Air Brake	2.4	95	2.5
43	June 30, 1909	Allis-Chalmers pfd.	0.8	54	1.5
44	May 31, 1909	U. S. Cast Iron Pipe pfd.	1.3	84	1.5
45	July 31, 1909	Amer. Steel Foundries	0.7	66	1.1
46	Dec. 31, 1908	Pressed Steel Car pfd.	1.2	105	1.1
47	Jan. 31, 1909	Union Bag & Paper com.	.0	13	.0
48	Dec. 31, 1908	Amer. Can com.	.0	15	.0
49	July 31, 1909	Amer. Linseed com.	.0	15	.0
50	June 30, 1909	International Paper com.	.0	16	.0
51	Aug. 31, 1909	Corn Products com.	(d) .0	23	.0
52	May 31, 1909	U. S. Cast Iron Pipe com.	.0	32	.0
53	Dec. 31, 1908	Bethlehem Steel com.	.0	35	.0
54	Dec. 31, 1908	Amer. Woolen com.	.0	36	.0
55	June 30, 1909	Republic Iron & Steel com.	.0	47	.0
56	Dec. 31, 1908	Railway Steel Spring com.	.0	52	.0
57	Dec. 31, 1908	Pressed Steel Car com.	.0	52	.0
58	June 30, 1909	Amer. Locomotive com.	.0	62	.0

(a) Dividends much in arrears; stock very inactive. (b) Dividends in arrears. (c) Based on quarterly earnings. (d) Based on current earnings.

A Study of Volumes

Practical Methods of Applying Well Recognized Stock Market Principles

By SCRIBNER BROWNE

IN many years' observation of the methods of speculators in the New York stock market, I have noticed that successful traders may be classified under three heads:

1. Speculative investors, who buy during panics, or buy stocks which for some reason are selling below their real value as based on earnings, who pay for their stocks in full, and hold for large profits.

2. Traders who get information as to probable movements of individual stocks in advance of the public. Such information is never sure to be right but some leading commission houses and news agencies are able to get information that proves correct more than half of the time on the average. Those who are successful in using such information always protect their trades with stop loss orders.

3. Speculators who base their trades on the behavior and appearance of the market as shown by the movement of prices and the volume of trade from day to day.

This article deals with the methods employed by some successful speculators of the third class.

TECHNICAL CONDITION OF THE MARKET

These traders base their operations entirely on what is called the "technical condition of the market." The questions they try to solve are somewhat as follows:

Are buyers numerous enough and confident enough of their position to follow prices upward and buy freely on advances, and to hold their stock tenaciously on declines? Or are they so timid and uncertain in their views as to buy only on declines and to snatch their profits quickly on any small advance?

Is there a large short interest in the market? Are the bears sufficiently confident of their position to refuse to cover on advances? When the bears try to take profits on declines, do they get their stock back easily, or are they obliged to bid the price up sharply in order to cover?

While the action of the market is never exactly the same twice, because conditions are never exactly duplicated, there are at least two well recognized underlying principles upon which all such speculators work, either consciously or unconsciously. The "individual variations of phenomena," as a scientist might say, are endless and the greater the experience of the trader the more expert he becomes in "reading the market"; but there are certain general laws which form a basis for the structure.

RECOGNIZED PRINCIPLES

These principles, when carefully studied, simmer down to two main propositions:

1. In a bull market, the volume of transactions tends to increase on advances. In a bear market, the volume tends to increase on declines.

2. A movement of prices in one direction is almost invariably followed by a reaction at least halfway.

There is nothing new in these principles. Nearly every experienced speculator knows them. The difficulty comes in the practical application of them in the market and in the extent to which the trader's temperament, sentiment, or prejudices interfere with his judgment. The present article is devoted to the study of volumes.

VOLUMES

Granting that an increasing volume of transactions on an advance is a bullish

indication, the first question that arises is, Does this mean the volume of transactions in all stocks, or in the particular stock in which the trader is interested?

A majority of stocks may record substantial gains for the day, and the volume of transactions may be, for example, 1,200,000 shares, compared with 900,000 shares the preceding day. This looks bullish. But perhaps Reading has moved in a direction opposite to the rest of the market, losing one point for the day on 90,000 shares, against 65,000 shares the day before. Shall we buy Reading? Shall we buy some other stock in spite of the apparent weakness shown by Reading, a leading speculating favorite?

Evidently we must study volumes from two points of view:

1. Total transactions for all stocks.
2. Transactions in each of the prominent speculative leaders.

By speculative leaders are meant those stocks in which professional and public speculation centers nearly all the time. Almost any stock may jump into activity for a few days or weeks as a result of special causes; but the stocks which have the most influence on the general list and on each other are those which are active practically all the time and in all kinds of markets.

For a long time past the three big leaders have been Steel common, Union Pacific and Reading. Half a dozen other stocks are influential, though occupying a secondary position. The speculative importance of different stocks changes from month to month and from year to year.

Again, what constitutes an advance in the general market? Some stocks have advanced, others declined. Are we to average all stocks traded in, or only the most active stocks? If the latter, what and how many stocks should be selected?

The Dow-Jones averages, based on twenty railway stocks and twelve industrials, have perhaps a slight advantage in the fact that they are watched by a considerable number of traders and therefore may be supposed to have a wider influence than averages privately compiled. On the other hand, these averages include some inactive stocks. A jump of three points in Chicago & Northwestern, for example, would balance, in these averages, declines of half a point each in Union Pacific, Reading, Steel common, Pennsylvania, New York Central and Atchison. Yet the advance in Northwestern would probably represent a volume of transactions less than one per cent. of the transactions in the six other stocks named.

RECIPROCAL INFLUENCES

As a general proposition, it may be laid down that any important movement in one stock affects all other active stocks; but the connection may be so slight as to be negligible. A bulge in Brooklyn Transit would, in any ordinary condition of the market, have little influence on Sloss-Sheffield, as the two properties are distant from each other and of an entirely different character.

Judgment must be mixed with calculations of this sort. For that reason it is a question whether it is worth while to figure out averages.

In fact the averages may be misleading. Suppose, for example, the average of twenty railway stocks declines ¼ point for the day on increased transactions, but the four leading speculative favorites make an average gain of ½ point, and the transactions in these four stocks aggregate more than the transactions for all the other sixteen stocks put together. It would be a mistake to consider such a market as giving a bearish indication.

In judging the tendency of the market as shown by volume of transactions the trader must use his common sense. This may sound elementary, but it is a curious fact that many speculators seem to act on the principle that common sense has nothing to do with Wall Street.

If all the active stocks advance or decline on increased transactions, it is a clear case—and these conditions sometimes exist. More often, however, one or more important stocks will be found going against the current. If these unruly members are active speculative issues, they must be regarded respectfully; but if they are inactive or low-grade stocks—"cats and dogs," as the phrase goes—they will be given small weight in the trader's judgment.

A PRACTICAL METHOD

A practical plan is to keep some sort

of record or chart showing (1) the volume of transactions for the entire market; (2) the average gain or loss for the day of ten of the most active and influential railroad stocks, and (3) the volume and gain or loss of each one of the most active stocks, including industrials.

In this way your general average is based on the railway stocks, which are the most reliable. At the same time you are not losing sight of the active industrials, or of any important stock which may be running contrary to the general market.

At the present writing, for example, Steel common occupies a preponderating position in the market. On some days recently transactions in that issue have been forty per cent. of the total transactions in all issues for the day. Under such conditions it would be unsafe to take a position in the market, on any stock, opposed to the apparent trend of Steel. Even though all the rest of the market was in a position to advance, a sharp break in Steel might bring a sympathetic decline elsewhere.

Generally speaking, it is safe to buy stocks when the following three conditions exist at the same time:

1. When the total transactions for the entire market show a tendency to increase on advances—advances being measured by the average price of ten leading railway stocks.

2. When a two-thirds majority of active speculative stocks show the same tendency.

3. When the market has reacted one or two days from the trend as thus indicated, on lessening transactions.

In making your purchase you naturally select the stock which has shown the largest increase on advances and the greatest falling off on declines.

You gauge the general tendency of the market; then estimate the general tendency of a two-thirds majority of active stocks; then you select the one particular stock which shows the strongest tendency, and endeavor to buy or sell it, as the case may be, on a reasonable reaction.

WORKING OUT THE DETAILS

Every trader has to work out the details of such methods as these for himself. They are not susceptible of a mathematical or scientific demonstration for the reason that the market never acts exactly the same twice. The "saving grace of common sense" is always needed.

A study of past newspaper files is of some benefit and will repay the trader who has leisure at his command. Any daily newspaper which publishes the high, low and close for each stock, the volume of sales for each stock, and the volume of sales for the whole market, will answer the purpose.

Much better results, however, will be obtained by watching the market from day to day and keeping a brief memorandum record of the stocks which you select for your purpose. Gain experience by watching the market for months before you begin trading.

ILLUSTRATIONS

The action of the market at the time of Mr. Harriman's death gave a forcible illustration of the principle above outlined. Table 1 shows volumes and price changes of the principal stocks.

Table 1

	—Sept. 9.—		—Sept. 10.—		—Sept. 11.*—	
	Vol.	Price.	Vol.	Price.	Vol.	Price.
Total market	926,000	down	1,527,000	up	579,000	down
Amal. Copper	27,000	—1⅞	42,000	+ 1	33,000	—3⅝
St. Paul	6,000	—1	14,000	+ 3¼	7,000	—1⅜
N. Y. Central	32,000	—2½	47,000	+ 3½	17,000	— ⅞
Reading	163,000	—3	229,000	+ 5	93,000	—1¼
Union Pacific	135,000	—2¼	366,000	+12½	140,000	+ ½
U. S. Steel	175,000	—1⅛	314,000	+ 3¼	80,000	— ⅞

*Saturday—short session.

From the falling off in volumes on declines shown here we would conclude that the market was a purchase on the Saturday reaction, and that Steel was the best purchase of the above six active stocks, because transactions in Steel fell off more on the decline than those in any other issue.

In point of fact Steel opened Monday morning at 78¼, did not sell below 78 and was the leader of the market on enormous transactions up to 94⅞ without any important decline during that time.

Table 2

	—Oct. 4.—		—Oct. 5.—		—Oct. 6.—		—Oct. 7.—	
	Vol.	Price.	Vol.	Price.	Vol.	Price.	Vol.	Price.
Total mkt..	909,000	up	1,004,000	down	1,508,000	irreg.	1,029,000	up
Am. Cop. .	25,000	— ⅜	27,000	—1¾	50,000	+ ⅛	26,000	—1
Reading ..	59,000	+ ⅜	87,000	—3⅛	156,000	— ⅛	73,000	+ ¼
Un. Pac. .	65,000	— ¼	109,000	—2⅝	149,000	+ ⅛	130,000	+ ½
Steel	247,000	+1	422,000	—3¾	630,000	—1	309,000	+ ¼

Table 2 shows volumes and price changes beginning with the day Steel touched its high price of 94⅞.

After declining sharply Oct. 5, Steel broke to 87½ on October 6, with very large transactions. Total tranactions for all stocks were also very heavy. Steel then rallied to 91⅛ in the forenoon of October 7, and the sharp falling off in volumes, as shown in the table, plainly indicated that it was a sale on the rally. A decline to 86¼ followed.

These examples are not given as proof of the principle. It would be easy to prove any kind of a theory by selecting instances from the history of the market which would support that theory. These are merely illustrations of the manner in which common sense may be used in the application of the well-known principle that an increasing volume of transactions on an advance or decline indicates the temper of the market.

The trader who grasps this idea in a broad way, and who has sufficient patience to work out the details by close study of the market, will eventually realize good profits as a result of his knowledge. At the same time no such method should be depended upon exclusively. The trader should understand the financial situation and should make use of all other aids in judging the market in addition to the study of volumes.

"Everybody's" Peculiar Financing

SOME of our readers may recall THE TICKER's controversy with *Everybody's Magazine,* since which a dense and gloomy silence in regard to Wall Street affairs has enveloped that diverting publication like a pall.

It seems that the arts of "high finance" are not unknown to *Everybody's,* whose management some time ago brought out a certain issue of bonds of which a contemporary now says:

"Maybe you bought some of those bonds of the Ridgway Company, offered for subscription through the pages of *Everybody's Magazine*—pages undefiled by the taint of suspicious advertising. Maybe you remember that it was represented that those bonds, secured by the good-will of *Everybody's* and of *Ridgway's Weekly,* were offered to the public in order to furnish funds for installing a great mechanical equipment for printing purposes. Maybe you don't know it, but such is the fact, that that printing plant never has been built; that in all these years since it sold the bonds for the purposes of building it, Ridgway has been printing *Everybody's* by contract, and that one of the arguments in favor of the consolidation with the Butterick outfit is that *Everybody's* will have the advantage of being printed in the Butterick plant."

The Investment Digest

FOLLOWING is a list of publications, etc., from which this Digest is prepared. Where the name of a banking or brokerage house is given, the matter is taken from their special letter or circular: New York: *Bond Buyer; Financial News; Wall St. Journal; Wall St. Summary; Moody's Magazine; Moody's Manual; Commercial & Fin. Chronicle; Financial Age; Financial World; Railroad Age Gazette; U. S. Investor; Commercial; Brooklyn Eagle; Leslie's Weekly; Evening Mail; Evening Post; Herald; Journal of Commerce; Sun; Times; Tribune.* Boston: *News Bureau; Commercial; Financial News; Transcript; Herald; Post.* Chicago: *Record-Herald; Tribune.* Philadelphia: *Financial Bulletin; Railway World; North American.* Pittsburg *Dispatch;* Washington *Post;* Louisville *Courier-Journal;* New Orleans *Times-Democrat;* Baltimore *Sun;* St. Louis *Post-Dispatch;* Cincinnati *Commercial Tribune;* Cleveland *Commercial Bulletin;* Memphis *Commercial Appeal;* Kansas City: *Star; Journal.* Dallas *News;* Houston *Post;* Seattle *Times;* Toronto *Globe;* Montreal *Star;* Minneapolis *Commercial West;* Birmingham *Age-Herald;* San Francisco *Journal of Commerce;* Denver *Post;* Atlanta *Constitution;* London *Statist.* Market Letters: Hayden, Stone & Co.; Clement B. Asbury; John Moody; Thos. Gibson; J. M. Fiske & Co.; Swartwout & Appenzellar; Eugene Meyer, Jr., & Co.; J. S. Bache & Co.; Spencer, Trask & Co.; W. C. Langley & Co.; Wrenn Bros. & Co.; Robert Goodbody & Co.; Kissel, Kinnicutt & Co.; Alfred Mestre & Co.; Clement, Parker & Co. Neither THE TICKER nor the above authorities guarantee the information, but it is from sources considered trustworthy.

Am. Agri. Chemical.—The co.'s surp. for divs. has inc. every yr. except 1908; and even then the dec. amted. to only $16,000. The surp. for the com. last yr. was 7.52 p. c., as comp. with 3.25 p. c. in 1905. The margin of safety on the pf. is about 7 p. c., and the stk. has a long and unbroken div. record, having begun paymts. at the present rate, in 1899.——Directors voted to take no action at this time regarding divs. on the $17,000,000 com. stk. Directors issued the following statemt: The ques. of inaug. com. stk. divs. was fully discussed, and an unan. decision reached that in view of the large expend. required for exten. and imp. to the plant, made necessary by inc. trade of the co., it was deemed inexp. to pay an initial div. at this date.

Am. Beet Sugar.—The pfd. stk. is 6 p. c. non-cumu. There is only a little over $4,000,000 of it, so that div. req. ahead of the com. are moderate. The earn. of this co. also have a certain stability, which is to say that they are not governed so much by the tides of prosperity. In the yr. end. March 31, last, nearly 7 p. c. was earned on the com., which is not yet receiving divs. The fin. of the concern are conserv. managed.

Allis-Chalmers.—The co. is now oper. about 80 p. c. of its cap., an inc. of 40 p. c. from the low mark during the dep., and is gradually adding to its forces. The best feature of the sit. during the past mo. was the fact that while business was not up to the Sept. rec. in vol., the bulk of the orders rec. was for early del. and will yield quick returns. Another good feature is that prices are on a consid. higher basis and earn. are showing marked imp. Of the cont. placed with the co. recently, the most import. was one from the city of Chgo. for a pumping engine with a cap. of 30,000,000 gal. a day. ——Various dep. now have all the con. on hand they can handle for some time to come, the estab. of the high press. service in import. cities contrib. largely to its inc. business. The accu. of the stk. has been most pro. since the election of S. S. Palmer, a director of the Nat. City Bank, as director of the co. at the recent an. meeting.

Am. Car & Foundry.—It is not surp. that the com. stk. is now commanding the highest price since formation. The co. has stood the trade dep. without being forced to pass its com. div. It not only earned and paid 2 p. c. during the panic, but also set aside the amt. of $600,000 to prov. for a full yr.'s div., but had no occasion to make use of its emer. funds. The physical val. of the prop. is consid. greater than the pfd. cap. of $30,000,000, while a surp. of about $25,000,000 stands in favor of the com. stk. of $30,000,000. The co. is enjoying a flood of orders and it would prove remark., if it should earn this fis. yr., which will end April 30, 1910, as much as it did in '06 or '07, when earn. on the com. amted. to 20.13 p. c.

Atlantic Coast Line.—Stockholders auth. in addition to $200,000,000 mtg. bonds $23,500,000 deb. bonds, conv. into stk. at 135. These will be issued to ret. the outst. cert. of indebt. An inc. of the com. stk. to prov. for the exch. was app. The deb. run for 30 yrs. and are conv. after Jan. 1, '10. They may be called by the co. after six yrs.—— A. C. L. rep. for last yr. a surp. app. to divs. of $1,879,381, equal to 9.38 p. c. on the com., after allowing 5 p. c. for the pfd.. This comp. with 5.56 p. c. on the com. in 1907-08, and an avge. of 9.11 p. c.

for the five yrs. 1904-08. The undistrib. equity in L. & N. earn. last yr. would inc. A. C. L. earn. to 14.9 p. c.

Am. Can.—The cont. int. in Am. Can are underst. to have arrived at a basis for settlement of the ques. of meeting the acc. div. sit. and avoid further accum. of pfd. stk. div. at the rate of 2 p. c. per an. The plan pro. amts. to partial reorg. Bonds to the amt. of the acc. divs., which totaled 29¼ p. c., as of Oct. 30, and which will be about 30 p. c. by the time the plan goes through, will be issued. These will be 5 p. c. deb. bonds. Then the $41,233,300 pfd. stk. will be placed upon a 5 p. c. cumu. basis instead of the 7 p. c. basis now prev. Divs. of 5 p. c. have been paid for the last five yrs. and the co. has estab. itself on the basis of being able to earn and pay 5 p. c. on the pfd. with a slight bal. of less than 2 p. c. to the good. This plan of settlemnt. inv. the issuance of about $12,000,000 bonds on which fixed chgs. would amt. to $600,000 per an. The 5 p. c. div. calls for approx. $2,100,000, so that bonds and divs. both fall a little inside of the earning power of the co. over the last few yrs.——It is auth. stated that the co. is clear of floating indebt. and is not obliged to borrow to carry on its large vol. of business. The corp. is said to have free assets of about $9,500,000—— It is an inter. fact that Am. Can is one ofthe largest customers of Steel Corp. and annually takes from 40 to 45 p. c. of the tin plate prod. of the big co.

Am. Hide & Leather.—In the yr. end. June 30, last, the earn. sufficed to pay the full 7 p. c. on the pfd., with 4.3 p. c. over for the com., which makes it appear that there is earn. power in the com., but divs. amting. to 70 p. c. have accum. on the pfd., and until some readj. of the cap. is made the position of the com. will be such as to leave it remote from divs. The pfd. has spec. attractions.

Am. Linseed.—Both the pfd. and the com. stks. of the co. have now passed to the listed dep. of the N. Y. Stock Exch. and reg. statements of the co.'s business will be forthcoming. Its business just now is favorable. The co. is believed to be doing 75 p. c. or more of the linseed oil business of the country. Net prof. for the coming yr. ought to at least be equiv. to the 7 p. c. on the pfd.

Am. Locomotive.—At the present time, and for the last two mos., the co. is earn. at a rate to show the 7 p. c. div. on the $25,000,000 pfd. fully earned with some bal. for the com. The plants are oper. at 75 p. c. of cap., which comp. with about 35 p. c. a yr. ago, and only 50 p. c. in Sept. Net earn. are being benefited by a gen. adv. in prices. At the low point of the dep. prices were off more than 30 p. c.

Am. Malt.—Imp. earn. remove the poss. of an immediate change in the present 5 p. c. div. rate on the pfd.. At the last decl. there was a division of opin. as to maint. of the 5 p. c. rate, but the maj. voted in favor of its paymt. In the Aug. 31 fis. yr. the co. earned $557,382, or 6.19 p. c., on the $9,000,000 pfd. While the earn. of the co. in the last fis. yr. were unsatisf., the co. was not forced to reduce its work. cap. and closed the yr. with that item standing at $5,298,144, an inc. over the prev. yr. of $85,446. Through the oper. of its sinking fund there were $267,000 first mtg. bonds cancelled, red. that liab. to $3,422,000. The co. carried over into the present cur. yr., from last yr., about $1,500,000 of gross business, which will show a fair profit at the prices at which the con. were made.—Here are some facts which may comfort holders of Malt stk. The co.'s business on con. is nearly double that on the books at this time last yr. At this rate its business for the entire yr. may prove the largest in its history and amply suf. to prov. for the 5 p. c. div. The bonded indebt. is, roughly, $3,500,000, against plants and good-will of $17,000,000. In add., the quick assets are over $5,000,000, against an outst. pfd. issue of $8,000,000, showing a val. in this item alone of bet. 60 and 70 for the pfd.

Amalgamated Copper.—It is well known that Amal. has been earn. at the rate of $6,000,000 a yr. for some time past, about double the present div. at the rate of 2 p. c. a yr. The reason adv. for not inc. the div. was that the co. proposed to reimburse the treas. for withdrawals made during the dep.——In connection with the incorp. of the Amal. lumber ints. as the Big Blackfoot Lumber Co., capital $25,000,000, it is stated that the timber and lumber interests of Amal. have been appraised at $40,000,000. Its coal lands are valued at $50,000,000.

Am. Smelting & Ref.—This co. owns the Am. Sm. Sec. Co., which was org. in its int. For control, the Am. Sm. & Ref. took com. stk. and then guar. 5 p. c. cumu. div. on the pfd. B of the Am. Sm. Sec. It was thought that it would have to pay on that guar., but it never has; the Am. Sm. Sec. has paid its own way from the start. The Am. Sm. & Ref. itself has made a very strong. rec., no feature of which is better than its demonst. of earn. power in the yr. last end., when it earn. 7.7 p. c. on the com. Through the Am. Sm. Sec., the Am. Sm. & Ref. con. the Federal Mining & Smelt., and enjoys prac. a monop. of the smelting business. On April 30, last, the bal. sheet showed cash and demand loans of $7,359,239. In a better yr., such as the cur. yr. bids fair to be, the div. could be inc. on the com.

Am. Sugar.—Notwithst. the unfav. devel. affecting this co., the val. of its stk. is not endangered. Although the an. rep. are too meagre to form the basis for any concl., it is est. that the co. con. 70 p. c. of the entire Am. sugar trade. The Am. co.'s own output is est. at 3,900,000,000 lbs. per an., and that of its subsid. at about 1,000,000,000 lbs., the total under its control being about 4,500,000,000 lbs., out of the total Am. consumption of 7,089,000,000 lbs. The co. controls the two leading beet sugar prod., the

Great West. and Am. Beet Sugar; and its inc. from its subsid. is est. at $2,000,000, while its total div. req. amt. to only $6,-300,000 per an. Notwithst. that its an. rep. do not show a wide margin of safety the cur. earn. on the com. stk. are est. at 12 p. c. as comp. with 12.4 p. c. in 1907.

Am. Steel Foundries.—In 1908 the cap. was scaled down a little more than one-third. There had been $15,809,280 com. stk. and $17,184,000 pfd. Holders of com. recd. 25 p. c. ($3,592,320) and the holders of the pfd. 77 p. c. ($13,231,680) of new, all one class. That is now Am. Steel Foundries. The pfd. stkholders recd. also 20 p. c., or $3,436,800, in deb. bonds. Fig. for the nine mos. to the end of last Sept. show a small potential earn. power—less than 1 p. c.

Am. Tel. & Tel. Co.—Teleph. auth. who have been carefully over the ground est. that during the next few yrs. the Bell cos. may expect a saving in const. requirements of not less than $10,000,000 per an., because of inc. facilities made avail. through West. Union wire and pole facilities. W. U. in turn will hardly need a new dollar for new const. for yrs., an an. saving to the teleg. co. of $2,000,000 to $3,000,000. For the yr. to end the last of Dec. the N. Y. Teleph. Co. is expected to earn close to 11½ p. c. on its $85,672,800 outst. cap. stk., out of which divs. at the rate of 6 p. c. are now being paid. This leaves a bal. of $4,500,000 to devote to prop. exten. It is likely that the div. rate may be inc. from 6 to 7 p. c., giving the Am. Teleph. Co., which owns the entire cap. stk., an inc. return of nearly $900,000. The prop. forming the present N. Y. Teleph. Co. had total assets as of June 30 last of $125,869,014, of which $108,-068,087 incl. real estate and const. The Am. Teleph. & Tel. Co. recently filed with the Mass. highway comm. its an. rep. for the yr. end. June 30 last. Net earn. during that period of $19,419,413 were equal to 12.1 p. c. on the $237,788,100 cap. stk. outst. June 30, 1909. This comp. with 11.4 p. c. for divs. during the 1908 cal. yr., 10.0 p. c. for the yr. end. June 30, 1908, and 10.6 p. c. for divs. for the cal. yr. 1907.

Atchison.—Oct. gross earn. were the largest in the co.'s history. They approx. $1,000,000 more than in the same mo. last yr., when gross was $8,255,622. Prev. to Aug. this yr., Oct., 1907, was the record mo. with $8,572,000 gross, but Oct., 1909, will show $9,250,000.

Am. Woolens.—The original est. of the manage. of $65,000,000 gross for the fis. yr. were overrun by possibly $5,000,000, giving a total gross $70,000,000, or 40 p. c. larger than the best prev. yr. since org. Am. Woolen now has outst. $40,000,000 pfd. stk. It takes $2,800,000 to pay the 7 p. c. rate. Although it will be three mos. at least before any close idea of earn. can be formed, it is regarded as prob. that the co. will come very close to showing 7 p. c. div. twice earned.

Baltimore & Ohio.—Among the larger systems still to carry out imp. fin. is the B. & O. A bond issue appears unlikely for the reason that it has no avail. bonds for issue in large amt. An offering of new stk. at par, even with the present market price of the stk., appears prob. The co. would appear to be in no pressing need of new money, having net cur. assets of $22,500,-000 on June 30 last, but it has heavy equip. purch. and investmts. in other prop. to prov. for. The earn. during the cur. yr. are very fav., the imp. over a yr. ago being unsurp. by any of the trunk lines.——The B. & O. topped its Oct., 1908, gross earn. by $668,961 this yr., but the net showed a dec. of $43,577, showing greatly inc. and unexpl. oper. changes. Since July 1 the four mos.' net earn. have, however, inc. $467,835 over the like period of 1908.

Bethlehem Steel.—When the new const. work now under way is comp., the corp. will be in a position to do a gr. business of $40,000,000 a yr. Its gr. will be about 1-10 of that of U. S. Steel, elim. inter-sales of subsid. cos. and the business of other subsid. not directly identified with the steel industry. The corp. will have a prod. of about 1,000,000 tons of finished steel a yr., at the rate of about $40 a ton. This avge. is due to the fact that the co. turns out high-class steel for which it rec. very high prices. The co. now has on its books an unfilled tonnage val. at $15,000,000, comp. with $3,000,000 a yr. ago.——Pres. Schwab says the net book value of assets is $21,-157,993, or nearly three times the amt. of notes which can be outst. at any time.

Brooklyn Rap. Transit.—B. R. T. contin. its remarkable gains in gross, the Nov. inc. running at the rate of $5,000 per day, which is subst. the same as in Oct. and only slightly less than in Sept. For the first five mos. of the cur. fis. yr. which began July 1 B. R. T. has gained over $800,000 in gross, which is more than five times the entire gain in gross for all of the 1908-09 yr. For the six mos. to end Dec. 31 will come very close to showing an inc. in gross of $1,000,000.

Butterick Co.—The co. early next yr. will inc. its div. rate to 1 p. c. quar., placing the stk. back on a 4 p. c. basis, where it was prior to the panic, during which the co. was forced to susp. paymts. for two quar. At present the co. is earn. better than 6 p. c. on its inc. cap. of $15,000,000. Of this amt. $3,000,000 rep. stk. auth. for taking over the Ridgway Co., cap. for $1,000,000, on the basis of three for one.

Central of N. J.—The Lehigh & Wilkes-Barre Coal Co., which has just decl. an initial div. of 6½ p. c., has oust. $9,212,500 stk., of which $8,460,400 is owned by the Central of N. J. A decl. of 6½ p. c. means the paymt. of $598,812, of which the railroad's sh. will be $549,026. Although this is the first div. paid by the coal prop., they have been prof. and have earned a large surp. in recent yrs. In '04 the bal. above all ded. for int. and sinking funds was $633,-

000; in '05 $625,000; in '06 $657,000; in '07 $1,265,000, and in '08 $1,934,000. Of the Jersey Cent.'s $27,436,800 stk., the Reading owns $14,504,000. The special div. of 2 p. c. just decl. means the distrib. of only $548,736, of which the Reading's sh. will be $290,080. The Jersey Cen. is on an 8 p. c. div. basis. In '08 after paying this div. the co. chged. off $2,300,000 for imp. and still had a bal. of $628,529. In '08, it charged off after div. $2,000,000 for imp. and had remaining $343,000.

Cleveland, Cin., Chgo. & St. Louis.—George F. Baker, Jr., W. K. Vanderbilt, Jr., and James Stillman are now directors of the "Big Four" road. The shholders. have auth. a new mtg. upon the co.'s prop. for $20,000,000, under which $9,000,000 of bonds will shortly be issued, part of which will be used to fund $5,000,000 of short-term notes and other floating debt.——In only nine mos. of this yr. the co. has restored to upkeep most of the curtailment of the prev. yr., and has added more than $1,000,000 to net earn. besides. Allowing for addl. surp. earn. of the final quar. on the one hand, and for some addl. int. chgs. on floating debt and for possible debit bal. of car hire on the other, present outlook for the compl. yr.'s showing is that upwards of $1,000,000 will be earned for the com. stk., or 2 p. c. to 3 p. c. on the $47,000,000 outst.

Crex Carpet.—Co. shows a business inc. of 30 p. c. on the first nine mos. of its fis. yr. over corres. period of '08. Last yr. the co. earned 4.7 p. c. on its $3,000,000 stk., out of which the first semi-an. div. of 2 p. c. was paid; directors on Nov. 2, last, decl. the second semi-an. div. and the second extra div. of ½ of 1 p. c.

Colorado Fuel & Iron.—The strength of the stk. is attrib. to the good statement issued for the fis. yr. end. June 30 last, which showed a surp. for the yr. of $858,375, or an inc. of $564,010 over the 1908 surp., and especially to the exc. business pros. arising from the boom in the steel trades. On June 30, 1908, the co.'s bal. showed a prof. and loss debit bal. of $1,229,932, so it appears that if this yr.'s entire surp. is chged. to the profit and loss surp., there will still remain a debit bal. Resum. of div. in view of these con., to say the least, could hardly be classed as conserv.

Chgo. & Great Western.—Record was filed to-day of the conv. of all the prop. and franchises of the Chgo. Great Western Railway Co. to the Chgo. Great Western Railroad Co. for a consid. of $12,000,000. A $75,000,000 50-yr. 5 p. c. gold bond issue, in the name of the latter co., also was filed. To secure the paymt. of these bonds the Chgo. Great Western Railroad Co. conv. all the prop.—real, per. and mixed—to the Standard Trust Co. of N. Y. The bonds are made payable on Sept. 1, 1959.

Consolidated Gas.—The report of the co. for 1908 recently issued by the Pub. Serv. Comm. furnishes a basis for cal. which insiders in Con. Gas would have withheld for another 12 mos. perhaps before taking investors into their confidence. Consump. of elect. in N. Y., and especially in Manhattan has inc. since the last and only report of the N. Y. Edison Co. was made up, far beyond the exp., even of experts. It will be inter., therefore, to read the report of the Edison Co. for 1909. Meantime the splendid earn. power of the concern as a factor in the val. of Con. Gas is making itself felt. This, however, is only what well inf. people have expected. The more the Gas-Elec. sit. is studied the more one wonders that, though paying only 4 p. c., Con. Gas shs. have not before now scored a big rise. I understand that on the manuf. of gas alone the co. can earn well over 8 p. c. on its cap. stk.

Central Leather.—Gross sales of Cent. Leather this fall have been about 25 p. c. ahead of a yr. ago, which was then consid. one of the most satis. in history of the corp. Big sales of sole leather have rec. been made, one of the largest calling for 140,000 sides for a western manuf. The bulk of this order came to the U. S. Leather Co. While gross sales of Cen. Leather are close to the record, it is doubtful if net earnings are ahead or possibly equal to a yr. ago on acct. of the higher cost of hides now going into consump. That the passing of U. S. Leather marks a new era in the leather business of this country is consid. a fact. The exten. litigation which ensued as a result of the formation of Cen. Leather is now history, but this in itself has been a feature of import. to the ind. The bringing of all within one org. naturally calls attention to the rich legacy U. S. Leather brings the Central. The surp. last yr. amted. to $24,191,369. Assets were placed at $96,267,102.

Copper Metal.—Early an. is expected of the org. of a new $1,000,000,000 copper corp.—the second billion-dollar co. to be formed—to con. the prod. treatment and selling of at least 800,000,000 lbs. of an. copper prod. J. P. Morgan will have charge of the fin. and the Nat. City Bank and the First Natl. Bank of N. Y. may attend to details of the sec. issues in this country. Several European insts. will be int., and the flotation is to be world-wide. The prop. is to org. the new co. on the lines of U. S. Steel, and to incl. the Amal., Guggenheim, Phelps-Dodge and Cole-Ryan cos., together with their affiliated smelting and selling ints. Calumet & Hecla, of course, will not come in. It is planned to incl. all of the prom. low-grade or porphyry copper prop. of Nevada and Utah, incl. the Utah Copper Co. It is prop. to issue stk. of the new co. for outst. shs. of the constit. prop. It is fig. that three cents per lb. is lost to the Am. copper prod. by competition and riv. in the selling of copper, and this saving on 800,000,000 lbs., or $24,000,000, can be cap. It is believed that a 10 p. c. curtailment of this maj. of Am. copper prod. will put in hand the cont. of the selling price for copper, which selling price will be grad. adv.

to 15c. or 16c. per lb. Those engineering the new proj. have testimony from the large copper manuf. to show that they consume just as much copper at 16c. as at 13c., all the consumers demand is a stable market.

Chgo., Milwaukee & St. Paul.—The first official fig. on earn. Pac. Coast ext., the Chgo., Mil. & Puget Sound, bear out the est. prev. made of its earning power. In Aug. and Sept. the ext. earned $1,475,000 gr., or at the rate of $8,850,000 a yr. This means over $6,300 a mile for the 1,400 miles of main line now being oper. The road oper. at 40 p. c. of gross. This left net earn. of $886,000 for the two mos., or at the rate of over $5,300,000 a yr. Puget Sound's net earn. for the entire yr. will therefore approx. $6,000,000. This means that it will be able to pay to St. P., which owns both issues, the full int. at 4 p. c. on its $100,000,000 first mtg. bonds, and still have a $2,000,000 surp., equal to 2 p. c. on its $100,000,000 stk. If this surp. should be paid to St. Paul as a div., the Puget Sound will have come within about $2,000,000 of paying the 7 p. c. div. on the $100,000,000 St. Paul stk. and about $25,000,000 of 4 p. c. deb. issued to build it. It was not exp. that the exten. would earn full amt. at the start. But est. that old St. P. will earn $20,-000,000 net in the cur. fis. yr.—it may earn only $19,000,000—it will, incl. the $4,000,000 to come from the Puget Sound, be able to pay all its divs. with over $1,000,000 to spare. The incl. of the Puget Sound's $2,-000,000 surp. over chgs. means a potential margin of safety for St. P.'s div. in 1909-10 of $3,000,000.

Chgo. & Northwestern.—The co. has issued its official cir. to stkholders. regarding the new stk. issue auth. on Nov. 17 and stating that the pro. of the issue will be used for imp. and equip. the lines of the co. All stkholders. are entitled to subs. to the addl. stk. at par to the ext. of 25 p. c. of their holdings, Jan. 10, 1910. The right to such subs. shall term. Feb. 14. Paymts. for all amts. subs. shall be made on or before that date. The new stk. will be entitled to all divs. after the last date of payment, and scrip certif., which will pass by deliv., but which will not be entitled to par. in divs., will be issued for fractions of shs. Such certif. will be exch. for stk. certif. for amts. agg. a full sh. or a multiple thereof, prov. such exch. be made on or before Sept. 1, 1910.

Chesapeake & Ohio.—C. & O. for the first four mos. of this yr. has inc. its gross earn. by about $1,470,000, and its net by about $680,000. This ind. a surp. avail. for divs. the cur. yr. of nearly 10 p. c. The surp. last yr. was 6.4 p. c. and for the five yrs. 1904-09 it was 5.63 p. c.

Canadian Pacific.—Since 1900 the Can. Pac. has paid $45,730,100 in com. and $12,-903,159 in pfd. divs., and during this period has given subscrip. rights, to new issues, worth $42,772,000, based on avge. market quo.——C. P. con. to report extra. inc. in earn. For the four mos. of this yr. gross earn. inc. 25 p. c. and net 40 p. c. Oct. alone shows an inc. in gross of 32 p. c. and net 65 p. c. The surp. avail. for divs. last yr. was 8.56 p. c., and for the five yrs. 1904-09 the avge. was 10.9 p. c. Cur. earn. ind. over 15 p. c. for the yr. 1909-10.

Corn Products.—N. Y. Stock Exch. has listed $5,000,000 1st mtg. 5 p. c. 25-yr. bonds dated May 1, 1909, with auth. to add $5,-000,000 addl. on notice. Total auth. $10,-000,000.——Profits from oper. for the six mos. to Aug. 31, 1909, show avge. mo. net earn. of $187,298, comp. with avge. earn. of $295,805 for yr. end. Feb. 27, '09, $196,439 for '08, and $151,902 for the first yr. after the co. incorp. The dec. for the six mos. is at the rate of 36.71 p. c. from last yr.'s avge. To make up this dec. the co. will have to earn an extra $100,000 a mo. for the last six mos. of the yr.; or, in other words, it will have to earn more than $400,000 a mo. from Aug. 31, '09, to Feb. 28, '10, in order to show prof. equal to those of last yr.

Colorado & Southern.—Last yr.'s surp. prov. for the reg. 4 p. c. on both classes of pfd. stk., 2 p. c. on the com., and a bal. of $899,000 to be carried to prof. and loss surp. The surp. after the pfd. div. would have paid 4 p. c. on the com. with $279,000 to spare. The new fis. yr. has begun in a way to ind. much better results. For the first four mos. the co. has earned a surp. after chgs. of $1,275,552, an inc. of $275,-649, or 27½ p. c. over 1909. If this rate of inc. is applied to last yr.'s surp. earned between Nov. 1 and the remainder of the yr., and the result taken as the est. surp. for 1910, it will show $2,635,000 as the prob. bal. for div., as against $2,198,859 earned last yr. This is prob. a conserv. est., for earn. have been steadily inc. The Burlington owns prac. a cont. int. in the Col. & So., with $23,657,500 of com. stk. which it acq. a yr. ago.

Delaware & Hudson.—The co. will issue about $7,000,000 addl. first and ref. mtg. 4 p. c. bonds as soon as the neces. form. can be complied with, now that the Court of Appeals has reversed the dec. of the up-State Pub. Ser. Comm., by which the co. was not allowed to issue that amt. at the time the orig. app. was made for the sale of $20,000,000. It is expected that arr. will be compl. for bringing out the addl. bonds in a few weeks.

Erie.—Erie rep. net for the four mos. from July to Oct., incl., of $5,470,214, which is $560,212 ahead of 1909, a gain of about 11½ p. c. The inc. in gross in that period was $1,103,272. Among the factors which acc. for the inc. in oper. costs is an adv. of something over half a million in the amt. allotted to maint. of way. There was a consid. red. in the sums spent for care of the equip. With net earns. for one-third yr. of $5,470,214, the road has earned enough for all fixed chgs. for that period with a bal. of nearly $850,000 to spare.

General Electric.—The gross sales of the co., for Oct., were slightly less than $4,-750,000, which is the greatest amt. record.

in any one mo. of the present fis. yr. Incl. Oct. the earn. for the first nine mos. are at the rate of approx. $55,000,000 per an., as comp. with $44,540,676 for the yr. end. Jan. 31, '09.——Gen. Elec. int. have just org. another elec. sec. co. known as the Electrical Utilities Corp., and which will perform a function similar to that of the three other sec.-holding cos. which Gen. Elec. now con. These three cos. are the United Elec. Sec. Co. of Boston, the Elec. Sec. Corp. and the Elec. Bond & Share Co., both of N. Y. The poss. of these three sec.-holding cos. has been of im. benefit to G. E. in that it has enabled the big manuf. co. to dispose of millions of dollars worth of goods to corp. whose only means of making paymt. was the giving of their own stks. or bonds. The sec.-holding cos. taking sec. of such cos., have paid G. E. in cash and then bided their time for the creation of a market on which to sell the sec. accepted. The new corp., the Elec. Util. Corp., will start with an immediate issue of $4,000,000 stk., of which $1,500,000 is to be pfd. and $2,500,000 com. The pfd. was offered in London for subs. at par with an 80 p. c. bonus in com. and was heavily over-sub. The pfd. carries a 5 p. c. cumu. div. and after the com. has recd. 4 p. c. divides eq. with the com. in subseq. distrib. The Elec. Bond & Share Co. agrees to give the new corp. a 5 p. c. to 10 p. c. particip. in the underw. of all corp. it may bring out within the next five yrs.

Great Northern Ore.—The U. S. Steel Corp., for the first time since it sec. control of the G. N. Ore prop., will ship a consid. tonnage from that dist. this yr. The corp. came in poss. of the prop. in '07, in which yr. it should have mined under its cont. 750,000 tons; in '08, 1,500,000 tons; in '09, 2,250,000 tons, and so on until '17, in which yr. a total of 8,250,000 tons will be reached. The mining of 8,250,000 tons will cost the U. S. Steel Corp. $16,417,500. In Aug. of this yr. G. N. Ore dec. a div. of $1 a sh. The fact that the Steel Corp. mined no ore until this yr. does not mean smaller earn. for G. N. Co. The Steel Corp., under its cont., is compelled to pay a certain amt. whether it mines the prod. or not. On Jan. 20 of next yr. the Steel Corp. will pay G. N. Ore close to $1,800,000, which will rep. the amt. due the latter co. in the year '09.——The G. N. ore prop. have all along been earn. large sums from lands leased to other cos. than the Steel Corp.; the initial div. of $1 per sh., paid Sept., 1907, was wholly from earn. from this source, and the one paid March, 1908, largely so. It will thus be seen that the attract. of the certif. from a spec. standpoint does not rest entirely on the amt. of ore the Steel Corp. may extract, under its lease, as the earn. of the lands leased to ind. oper. may turn out to be even larger in the long run.

Great Northern.—Rumors are revived and credited in import. quar. that Great North. will become the sole cont. of the Burl., now cont. jointly by the Northern Pac. and the Great North., and that as a result of this devel. Northern Pac. will rec. a great amt. of cash and its stkholders. an extra div. No one questions tthat Northern Pac. has concealed assets of large val. It is exp. in more than one quar. that its Northwestern Devel. Co. at no distant day will also furnish the means for an extra div. on Northern Pac. stk.

Int Steam Pump.—Int. Steam Pump Co. for seven mos. end. Oct. 31, '09, shows net $852,236, against $647,306 a yr. before, an inc. of 30 p. c. Oct. net was over $198,000, an inc. of 100 p. c. over avge. mo. net for prev. six mos. In the co.'s best yr. avge. net was $178,000 a mo. Orders in recent mos. equal the present max. cap.

Iowa Central.—The prof. and loss surp. on June 30, 1908, stood at $2,738,108, from which there was ded. during the yr. $248,138, for dep. prior to July 1, 1907, on equip. rebuilt or vacated during the yr., leaving the prev. surp. on June 30 last at $2,489,970. Ded. the deficit shown on the late fis. period's oper., therefore, the profit and loss surp. on June 30, 1909, was $2,262,450. Pres. Hawley says that at the close of the yr the outlook was most hopeful for a good business during the ensuing yr. The co. has no floating indebt. other than its cur. debts. The bal. sheet of the co., as of June 30 last, showed cash on hand amting. to $113,688.

Int. Harvester Co.—Its gr. business is now app. $80,000,000 per an. In the season of '07 it was $78,000,000; last yr. it dropped to $72,500,000, and now is inc. at rate of about 1 p. c. per an. In the org. of this co. $60,000,000, or one-half of the cap., was paid in cash and then when the prop. was app. and found to have $7,000,000 more assets than cap., the surp. was promptly chgd. off and the accum. of a new one out of earn. was begun. This new surp. now amts. to $16,700,000. Its cur. assets are $93,000,000, against $14,000,000 of cur. liab. and $6,800,000 res. In the cur. liab. are loans of $6,000,000 mat. from '10 to '13. Unless the business of the co. expands too rapidly the surp. earn. should elim. these notes as they mat. The co. earned on its com. stk. in '07 nearly 10 p. c. and in '08 a little over 13 p. c., and is prob. earn. about 15 p. c. this yr. The Int. Harvester Co. is said to be the dark horse of all the Morgan cos. It is certainly the one big corp. about which the investg. public or the gen. public knows the least. It has no pub. depment. and no speech-making officials. Its fac. are scattered in 15 cities. It cares nothing for the towns and cities, because it has nothing to sell them. It doesn't sell N. Y. or Boston 50 cents worth in a yr. In a business sense, N. Y. is a dock, nothing more, to this unique Harvester co. Every dollar of the Harvester Co.'s money comes from the farmers, not from the people of the cities. And so it has come about that we city dwellers know little or nothing about this farmer's supply co., and may come and go in our streets for yrs. without once seeing

any of its prod. The truth is that this co. is in a class by itself. It has no competitors that are knee-high, either in the U. S. or in any other country. With its 25,000 employes and 42,000 agents, the Harvester Co. is a 67,000-man-power corp. It is supporting as many families as there are ni the States of Utah or Mont. Concen. all its fac. in one place and a square mile of land would be too small to hold them. Concen. its ore lands and timber lands and coal lands in one place, and there would be a domain of very nearly two hundred sq. miles—as great an area as that which is covered by the city of Chgo. At its hundred warehouses there is trackage for 12,000 freight cars; and around its workshops are six busy little railroads of its own, whose engines pull out 65,000 loaded cars a yr., packed with mach. for the farmers of the world. It owns 40,000,000 tons of iron ore in the Mesaba and Wis. ranges, which ought to be worth, if we may take Charles M. Schwab as an auth., at least a dollar a ton in the ground. It owns 20,000 acres of coal lands in Kentucky and 100,000 acres of forest in the Southwest. As an avge. yr.'s work, this co. manuf. 700,000 mach. a yr., of 37 varieties, for which the farmers pay about $73,000,000. Self-binders for the reaping of the wheat, corn-binders, mowers, tedders, manure spreaders, gasolene engines, cream sep., hay rakes, binding twine, and a sort of auto-buggy which might approp. be called a farmobile—such are the articles which this co. has for sale, and which go far to explain the enormous crops of Am. farmers. With the profits of its foreign sales alone, it might pay a handsome div. on its com. stk., if it chose. In the last five yrs. of its life it has prob. shipped to foreign countries more than a million farm mach. of all kinds, and recd. for them about $75,000,000 or more. In the matter of grain-binders, out of every three that are made in the world, two come from the fac. of this co. Roughly speaking, its customers are 10,000,000 farmers in the U. S., and about 5,000,000 farmers in the foreign countries that prod. wheat. Russia is its best foreign customer, with its host of 30,000,000 farmers. As for the countries of Europe, they could not feed their people if it were not for the red reaping-mach that are sent to them by the Int. Harvester Co. They have 4,000,000 pub. officials to feed, and 4,500,000 soldiers. This means 25,000,000 meals a day to men who are non-prod. So far they have managed to prov. bread for these non-prod. millions, for the reason that there are now in Europe as many Am. harvesters as can do the work of 11,000,000 farm-hands. The co. spends a greater percenta. of its prof. in encouragement of co-oper. bet. stkholders, managers and empl. than any other concern in this country. It has a system of prof-sharing for efficiency, and also in the sale of the co.'s stk. to the empl.; it has a benefit plan, to prov. for empl. in case of accident, sickness or death, and a pension plan for long and faithful serv. Besides this it is doing welfare work, such as sanitation, health, education, recreation, etc. This work was undertaken from purely business rather than philanth. motives.

Interborough.—The Interb. division, for the yr. end. June 30, 1909, showed a surp. which could have been made appl. to Interb.-Met. pfd. of $1,438,000. Even this, however, is equiv. to only about 3 p. c. on the $45,000,000 pfd. stk. Of the co.'s gross earn. of $26,524,000, the elev. div. contrib. $14,333,000 and the sub. $12,191,000. When we come to net earn. we find that the sub. rep. $7,643,000, and the elev. $8,133,000. In other words, it cost only 37 p. c. of gross earn. to oper. the sub., as against 43 p. c. for the elev. After taxes on the two systems had been ded. the sub. is found to be actually the larger contrib. of the two in net inc.—$7,576,000, as against $6,400,000 for the elev.——N. Y. Herald says J. P. Morgan and T. F. Ryan have joined forces to con. the transit lines of N. Y. City. Morgan & Co. have agreed to fin. the $100,000,000 Interb. Rap. Trans. sub. and elev. exten. and imp. program. It was after this offer had been made that Pres. Shonts of Interb. sub. to the Public Serv. Comm. last June that co.'s exten. prop. Morgan & Co. pur. $35,000,000 of last issue of $55,000,000 Interb. bonds.——Interb.-Met. sold approx. 50,000 shares of Third Ave. stk. several mos. ago in the open market and rec. therefor about $1,800,000 cash.——It has been stated that the $1,800,000 would be used by the Interb.-Met. to help pay any assesst. on the stks. of the Met. St. Ry. when that system is reorg. This assump. is based on the theory that as the Inter.-Met. took over the Met. Sec. Co., it would naturally inherit the Third Ave. stk.

Kansas City, Mex. & Orient.—The co.'s earnings for the first week of Nov. were $40,000, an inc. of $15,000, or 62½ p. c. over the corres. period of last yr. Pres. Stilwell says: "This, in view of unfav. crop con. and the fact that we are oper. over only between 13 p. c. and 15 p. c. more track than last yr., is a very satis. showing."——The co. is already earn. over double the int. on its outst. bonds. In the U. S. the gross earn. per mile excl. of through traffic are expect. to exc. $7,000, and in Mex. $5,000—the avge. per mile from all sources being est. at $6,950 in the U. S. and at $4,577 in Mex.

Kansas City Southern.—Balance sheet shows that much the larger part of the expend. on the prop. in the past four yrs. has been cap. and that maint. exp. have hardly incl. anything more than bare upkeep. In '07 the co.'s $21,000,000 4 p. c. non-cum. pfd. stk. was put upon a div. basis, calling for $840,000 a yr. In all, $2,520,000 has been paid in pfd. div. during the period in question; the bal. of earn., amting. to $3,763,975, has been put back into the prop. in one form or another.

Louisville & Nashville.—Judging from the ret. shown thus far in the cur. fis. period,

the co. is destined to estab. a new high rec. for the 12 mos. to end June 30 next, both as regards gross and net rev. It will be recalled that the late fis. yr. was a "banner" one in the co.'s history, so far as net oper. returns were con., although gross rev. were some $2,800,000 below the prev. high fig. rec. in 1907. A part. feature of the last fis. yr.'s report was the pro. red. in oper. exp., which permitted the co. to show earn. avail. for div. equal to approx. 15 p. c. on the outst. cap. stk., amting to $60,000,000.

Lehigh Valley.—Next to the Reading, with which the L. V. has close affiliations, it is the most imp. anth. coal road in this country. Its holdings of coal lands are approx. 50,000 acres, and their contents are est. at around 500,000,000 tons. The val. of coal holdings is consid. in exc. of the co.'s entire bonded debt. Its business is well diversified, the rev. from its coal being less than from other freight and general transp. After a long period the co. res. paymt. of divs. in 1905, at the rate of 4 p. c., and is now paying 6 p. c. It will be seen that it has been very conserv. in the matter of div. paymts., and not only this, but net earn. shown are after the ded. every yr. of from $500,000 to $2,000,000, appro. to adds. and bettmts.

Missouri Pacific.—The co. offers $29,806,000 first and ref. mtg. 5 p. c. 50-yr. gold bonds, conv. into Mis. Pac. stk. at par from Sept. 1, 1912, to Sept. 1, 1932. Stockholders have the priv. of subs. to 36 p. c. of par val. of their holdings in new conv. bonds at 95 on or before Jan. 21, 1910. Purch. price will be payable as follows: At time of subs. on or before Jan. 21, 35 p. c.; on or before March 4, 30 p. c.; on or before April 15, 30 p. c. Sales of the $29,806,000 bonds now offered will enable M. P. to pay off floating debt, and bal. of pro. will be used for bettermts., imp. and additions. Stkholders. at special meeting on Jan. 18, 1910, are to be asked to auth. an issue of $175,000,000 ref. mtg. conv. 5 p. c. bonds redeem. at 110 and int. on Sept. 1, 1917, or any int. date thereafter. Of the total $175,000,000 M. P. conv. bonds, $90,633,500 is to be res. for ref. prior lien bonds, $6,500,000 to ref. equip. oblig., $52,866,500 to be used for imp. and add. and equip., and $25,000,000 res. to acq. mtg. bonds of St. L., Iron M. & So. to be issued for bettermts. and add. on that prop. New bonds will be sec. by mtg. on 3,779 miles of railroad, on 165 miles of which they will at once be a first mtg.——The an. rep. showed results from oper. of that system in the fis. yr. end. June 30 last to have been unfav. Gross earns. inc. over the year prec. $2,146,000, but exp. inc. more, and a decl. of $133,000 in net earns. followed. A heavy falling off in misc. inc. with an inc. in fixed chgs., comb. to red. the yr.'s surp. for divs. to $1,064,000, from $2,985,000 in the yr. before, and $7,698,000 in 1907. In conseq. no divs. were paid.

Minneapolis & St. Louis.—The report for the yr. end. June 30 last shows gross earn. of $4,171,315, as against $3,826,516 in the prev. yr. Oper. exp. were $2,845,606, as comp. with $2,648,919, leaving for net earn. $1,326,709, which comp. with $1,177,597 in '08. Other inc. was $338,884, as against $300,597 in the prev. yr. Chges. and taxes consumed $1,645,031, as comp. with $1,369,582, leaving a bal. avail. for pfd. div. of but $19,562, which comp. with $108,612 prev. rep. Paymt. of pfd. div. amting. to $200,000 left a def. of $180,438, which comp. with $91,388 last yr.

N. Y. Central.—N. Y. Cen. offers to stkholders. of record Dec. 10 the right to subs. to new stk. to the extent of 25 p. c. of their holdings at par. Subs. to the new stk. must be made on present. of subs. war. on or before Jan. 10. Paymts. may be made bet. Jan. 3 and 20.——When the new stk. is issued it will bring the total amt. outst. up to $223,290,000 out of an auth. issue of $250,000,000.——The new stk. will carry all divs. decl. after Jan. 15. The outst. 5 p. c. 3-yr. gold notes of the co. mat. Feb. 1, 1910, will be accepted at par and acc. int. in paymt.——The Pub. Serv. Comm. has auth. the N. Y. Cen. to issue 446,589 shs., par value $44,658,000, to be sold at par, $21,966,615.48 to be used for the discharge of 3-yr. 5 p. c. gold notes of the co., mat. Feb. 10, 1910, the total amt. of the prin. of the notes being $25,000,000. The remainder of the pro., $22,691,384.52, is for the acq. of prop. and for the exten. and imp. of its facil. acc. to a schedule filed with the comm. Not more than $9,000,000 is to be used for the purch. of new equip. and rolling stk. ——The Cen. now owns 11,248 shs. of stk., $206,300 3½ p. c. conv. and $421,000 6 p. c. conv. of the New Haven, which gives it the right to subs. for 4,208 shs. of the new stk. of the New Haven soon to be issued. ——The Pub. Serv. Comm. has auth. the N. Y. Cen. to acq. 4,208 1-3 shs. of the cap. stk. of the N. Y., N. H. & Hart. at a cost of $526,041.66. The stk. rep. the amt. the N. Y. Cen. was entitled to take.

N. Y., Ontario & Western.—The devel. of this railroad in the cur. yr. has turned out an unpleasant surprise, as the earn. are constantly dec. The net earn. in the first three mos. of the present fis. yr. show a dec. of $130,867, from $629,175 in the same period of '08 to $498,308. Another poor quar. like the last one may arouse doubts regarding ability to maintain its present div. of 2 p. c.

Northern Pacific.—During the last fis. yr. nearly $15,000,000 was devoted to improvements, bettermts. and new add. to the prop. and chged. to cap., nearly $2,000,000 of which was for new equip. In add. to this, more than $7,000,000 was adv. to sundry subsid. cos. during the yr. At same time, $2,754,000 was chged. to oper. exp. for dep. of equip. It is expected that the result of past liberal maint. outlays, together with others now contemp. will prod. record-breaking net earn. in the future.——On June 30, 1908, acc. to the an. report for the fis. yr. then ending, the North. Pac. held as a treas.

asset $2,775,000 stock of the Northwestern Imp. Co. In Dec., 1908, the North. Pac. decl. a div. of 11.26 p. c., calling for $17,453,000, and the money was found in the treas. of the Northw. Imp. Co., ownership of which had been val. six mos. before in the N. P. bal. sheet at $2,775,000. In the N. P. an. report for the fis. yr. end. June 30, 1909, there is no mention of the extra div. of 11.26 p. c., or $17,453,000, paid in Dec. The stk.holder ate his cake and has it still. But for the first time N. P. omits in its last report to itemize its treas. securities. On June 30, 1908, they were $17,274,569, incl the stk. and bonds of the Northw. Imp. Co. On June 30, 1909, they were $25,827,074, an inc. of $18,552,564, unitemized.

N. Y., New Haven & Hart.—"Mr. Mellen has the New Haven sit. well in hand and the fin. end is in the hands of Mr. Morgan. Both Morgan and Mellen are entirely con. of their ability to main. the 8 p. c. rate. As a matter of fact, the inc. in net for the Sept. quar. of $1,600,000 very nearly takes care of the entire inc. in div. req., which, by the way, does not come in in full until Dec., 1911, over two yrs. away."——The bal. sheet, as of Sept. 30, shows investm. agg. $24,260,398, as comp. with $21,259,724 on June 30, 1909; other perm. investm. $89,842,674, against $87,593,265; misc. accts. rec. $4,087,297, contrasted with $6,405,596; funded debt $235,704,700, against $231,888,100; res. for replacement of prop. $2,197,207, comp. with $1,955,869; items in susp. $1,478,816, against $1,267,055; other special funds $1,641,357, comp. with $1,379,047, and a prof. and loss surp. of $14,314,979, comp. with $12,999,443.

Pacific Coast.—Directors will in all prob. take action early next mo. res. the $11,000,000 second pfd. and com. stks. to the full 6 p. c. rate which they paid up to 1907. At present these two stks., which share alike after the paymt. of 4 p. c. on the com., are paying 5 p. c., the rate having been adv. from 4 p. c. to 5 p. c. with the Oct. decl. Earnings are now running at nearly high rec. fig., the net prof. for the four mos. to Nov. 1 of $750,000 being very nearly double the $390,000 of net earn. in the same period of last yr., and equal to the entire yr.'s fixed chgs., plus div. on first and second pfd.

Pennsylvania.—Total amt. of Penn. stk. that will par. in the 25 p. c. new stk. allotment is $330,071,350. Of 1912 conv. bonds, $39,763,000 have been conv. since the issue of the bonds into 567,935 shs. of the val. of $28,396,750. Of the 1915 conv. bonds $13,160,000 have been conv. into 175,375 shs. val. at $8,768,770. The Penn. Oct. statement will show a mo. of big earn. The two prev. mos. were the best this yr. to date, Sept. having run nearly $13,850,000 gross. It is a fair est. that the last three mos. of '09 will prod. gross rec. of $40,000,000, or an avge. of about $13,300,000 a mo. This would give total gross for '09 about $150,500,000, the first nine mos. having been $110,445,730, and would, besides exc. the prev. yr. by over $14,000,000, bring the gross $2,300,000 above '06, and be exc. only by '07, the banner yr., when the gross was above $164,800,000. Net in Aug. and Sept. was quite fav., having been $4,679,055 and $4,571,477, and unless the road makes unusually large prov. for inc. expend. to take care of the winter mos., the last three mos. of '09 can very well show $12,700,000 net, or an avge. of a little over $4,200,000 a mo. This would give $45,500,000 net for the yr., or $6,600,000 more than in '08, more than in '07, and about $1,000,000 less than in '06, in which the rec. net earn. were made. Lines west of Pittsb. are likely to show inc. over '08 amting. to $11,000,000 or $12,000,000 gross and upwards of $4,000,000 net.——Penn.'s latest earns. give promise for the yr. 1909 better than 10 p. c. on the $330,000,000 stock now outst. On the $412,500,000 stk. to be outst. after the pending issue, the est. earn. of this yr., allowing for the int. saved by ref., would be a fraction over 9 p. c.

Pittsburg Coal.—A high official of the co. is auth. for the statement that no prop. is under consid. involv. the control of the prop. It is intimated, however, that some fav. devel. prob. will be ann., the nature of which is being kept secret. The co.'s earn. from coke oper. in 1910 will prov. a subs. part of the sum req. to pay int. on the co.'s first mtg. bonds. In view of the fact that the co. has only begun the devel. of its coke lands the poss. of future earn. from this source are very encouraging.——The co.'s report for 1908 showed that its total output of coal approx. 14,282,131 tons. The co. has a cont. with the Steel Corp. running 21 yrs. yet, to supply it with coal, a min. of 8,000,000 tons yrly. being taken.——A clique of N. Y. fin. has failed in an attempt to gain con. of Pittsb. Coal Co., the $64,000,000 corp., monop. the Western Penn. coal fields. Con. is tightly held, with no chance of any more imp. blocks of the stk. going East. The Olivers hold 90,000 shs.; Pres. M. H. Taylor has the large Senator Scott holdings, while the Mellons and Frick also hold big blocks.

Pressed Steel Car.—Co. is underst. to have orders on its books suf. to keep its plants in oper. at full cap. for 10 mos. The co.'s fis. yr. ends the last of Dec., and it is hardly prob. that the 7 p. c. div. on the $12,500,000 pfd. can be shown as fully earned. At the same time net earn. will undoubtedly pass the '08 record, when but 1.2 p. c. was earned on the pfd. The strike was ended in season to permit the co. to get into the market again by Oct., when the equip. business began. The co. is now oper. at full cap. Its cash position has been strengthened through the sale of its inv. in the Canadian field to the new Canada Car Co., Ltd. The $2,000,000 com. stk. of this co. was carried on P. S. Car books without val. and was sold at a price to show a handsome prof. on actual cost.

Railway Steel Springs.—The co.'s fis. yr. ends Jan. 1, and it is believed that the earn. will show in the neighborhood of 4 p. c.

on the com. stk. The co. had on Sept. 1 earned its pfd. div., which calls for $945,000 on the $13,500,000 pfd. outst. The earn. since that date have been at a higher rate, and it is prob. that the remaining four mos. will reach the total of the pre. eight.

Rock Island.—Combined earn. of the R. I. lines for the first quar. of the cur. fis. yr. were the best ever shown for that period, both gross and and net. Gross earns., $31,503,399, rep. a gain of 11.8 p. c. over last yr. and of approx. 3 p. c. over the best prev. yr., while net oper. inc., $9,488,200, was 20.9 p. c. better than 1908 and 3 p. c. greater than the former high record. The co. has sold and deliv. to B. F. Yoakum the com. stk. of the St. Louis & San Fran. co. rep. the control. int. and being all the shs. of stk. which the co. has heretofore owned in that co.——Rock Island has been paying int. on the pur. price of the com. stk. of the St. L. & San Fran., nearly a million dollars each yr., without any prosp. of return in divs. on the stk. pur. Without the St. L. & San Fran., which has never been of much adv. to R. I. from a traf. standpoint, the total surp. of the R. I. would have been $5,000,000 above its present fig., both classes of R. I. pfd. could have paid divs. and the com. stk. would have been in a pos. to realize expects. formed concern. its future in 1902. The stkholders. are to be congratd. ——The co. has called for red. at 102½ and int. on Feb. 1, 1910, the entire issue of its 5 p. c. col. trust gold bonds, mat. in 1913. ——The R. I. ints. are fast ext. their eastern holdings. Lehigh Valley is now in their pos. and very soon Wabash will be in the Moore-Reid camp. Another imp. step pendg. is the pur. of Pere Marquette by the R. I. ints. This road would piece out the eastern exten. of the R. I. bet. Lehigh Valley and Wabash. Pere Marq. by virtue of its own lines and trackage rights gives the Moore-Reid group a compl. thro. line to the Atl. Coast. P. M. is still the prop. of Cin., Ham. & Dayton. In order for R. I. to get control it must make its pur. of that co. This pur. we underst. has been def. arr., altho. price paid may not be stated now. An intg. feature is that when R. I. ints. take over P. M. they begin to pay 4 p. c. at once on the $11,000,000 first pfd., as this stk. becomes 4 p. c. cumu. at once in case of sale. Had P. M. remained where it is, the first pfd. would not have begun to draw div. until 1911, under terms of the reorg. plan. It is fig. that at present P. M. is earning 8 p. c. on its pfd. In a normal yr. the pfd. should earn. 12 p. c.

Republic Iron & Steel.—There is reason to believe that the manage. contemp. paying off in adv. div. war. on its pfd. stk. which were issued last July to the amt. of 6¾ p. c. on accd. of accum. divs. These war. were made payable in an. instal. There now remains 6 p. c. to be paid off, and it is stated that a whole or part of this 6 p. c. will be paid off before Jan. 1. It is believed that the pur. of the co. is to pave the way for divs. on the com. stk., which the manage. hopes to place on a 4 p. c. basis. The board could not prop. consid. com. divs., while still owing money to the pfd. stockholders.

Sears-Roebuck & Co.—For the mo. of Oct. the co. did a business of $6,749,000, which brought earn. for the ten mos. up to $40,800,000, as comp. with $31,000,000 for the ten mos. of the prev. yr. It is est. that for Nov. and Dec. the co. will do a business of $7,500,000 per mo., which will bring its gross earn. for the yr. up to $55,000,000, and every dollar is cash in adv. The co. last mo. paid off $1,000,000 of its pfd. stk., leaving about $9,000,000 still outst., and it is earning at the rate of 20 p. c. upon its $30,000,000 of com. after pfd. requiremts. Last mo. the co. inc. its div. on the com. from 5 p. c. to 6 p. c., and we are informed that in Jan. another inc. will be made to 7 p. c. The co. is to-day the largest mail-order house, its growth having been phenomenal. It is paying an avge. of $110,000 per mo. to the U. S. for postage, receives an avge. of 85,000 letters per day and employs 9,000 clerks to handle its business.

Southern Pacific.—The an. report shows a surp. for the yr. of $26,879,402, which is eq. to 9.8 p. c. on the approx. $272,700,000 of stk. outst., which is all of one class, now that the pfd. has been conv. into com. In the past yr. S. P. added over $7,000,000 to its net earn. The gain in net for three mos. already rep. is $2,237,000. Earn. power this yr. on the entire stk. issues promises to be about 12 p. c. During the past two years the construction of 1,824 miles of new lines has been undertaken, of which 1,537 are in Mexico and 287 in the United States. This new mileage is now completed. On June 30, 1909, the S. P. had in its treas. stks. of other cos. to the amt. of $84,239,000. These rep. investm. in elec. railways, steamship lines, exp. and oil cos., besides smaller misc. enterprises. S. P. also owns bonds of cos. outside its system to the amt. of $25,021,000. The Wells-Fargo melon, incl. div. and rights, gives S. P. the equiv. of about $6,500,000 distrib. on its $1,530,000. On June 30 last S. P. was in a strong position to carry on const. work, with over $32,000,000 cash on hand.——A decision was rendered by Judge Hauser giving the S. P. Co. a judgment of $1,485,000 against the Cal. Develop. Co. The suit grew out of alleged loans by the S. P. Co. to the C. D. Co., when the Col. river threatened immense damage in the Imperial Valley.

St. Louis Southwestern.—The directors decl. a semi-an. div. of 2½ p. c. on the pfd. stk. This is an inc. from 2 p. c. inaug. last June. Regarding this policy an official statement was made: "The net inc. for 4 mos. was $664,000, and in view of the very satisf. earn. the directors believed that the pfd. shs. were ent. to divs. at the full rate of 5 p. c. per an."

St. Louis & San Fran.—The 'Frisco this yr. will show a subst. surp. after pfd. divs. This surp. is likely to be paid, in the form of 'Frisco com. divs. There is shown a

devel. of earn. power that should assume material prop., and much of which is sure to be permanent.——The sale of its 'Frisco stk. by R. I. to the Yoakum-Hawley ints. resulted in a loss of several millions of dollars to the sellers, ests. ranging from $6,000,000 to $8,000,000. That Edwin Hawley will try to merge into a single holding co. his railroad prop. is not consid.; that he may turn them over to two holding cos. is likely; in fact, seems quite prob. To attempt to put under a single manage. and con. all of the Hawley roads would lead to a governmt. suit against merger of competing roads.——The St. L. & San Fran. system, incl. the Chgo. & East. Ill. and the Evansville & T. H., emb. 6,500 miles, will be oper. indeply. of the Yoakum-Hawley merger. Ann. of this fact has been made by the new pres. of the 'Frisco. Mr. Winchell states that the 'Frisco orig. on its own lines more tonnage per mile than any other transp. system in the U. S. (See Rock Island.)

Sloss-Sheffield.—The co.'s fis. yr. ends Nov. 30. The an. report will not be ready for pub. until early in 1910, but when issued it will show close to 8 p. c. earned on the $10,000,000 com. stk., after the reg. 7 p. c. on the $6,700,000 pfd.——It is a self-contained prop., never appears in the money market as a borrower, and is modestly cap. The funded debt is $4,000,000. There is $6,700,000 pfd. and $10,000,000 com. One-quar. of the com. stk. outst. was distrib. to shholders. as a bonus. That was in 1905; divs. have since been paid upon it up to 5 p. c. That is the present rate. The earn. power on the com. stk. has never exc. 10 p. c. in good times.

Third Ave.—The bdholders' comm. filed with the Pub. Ser. Comm. its second plan of reorg. It is pro. to assess stkholders. 45 p. c. on the $16,000,000 stk., and they in exch. receive $45 in new stk. and $40 in first ref. mtg. 50-yr. 4 p. c. gold bonds. Sec. of the old co., stks., bonds and notes, are stated at $65,088,737, and new sec. at $79,125,000, of which only $54,916,000 would be im. issued the bal. being res. until recg. app. of the comm. Issuance of new sec. sums up as follows: First ref. mtg. 50-yr. 4 p. c. gold bonds, dated Jan. 1, 1910, as follows: To present bdholders., being 15 p. c. of prin. and 10 p. c. in paymt. of unpaid int., $9,390,000; to stkholders., on paymt. of $45 per sh., $6,400,000, making im. issue $15,790,000; to be res. for underl. bonds and future exten., betments, etc., $24,210,000, making total auth. issue, $40,000,000. Adj. mtg. 50-yr. 5 p. c. inc. gold bonds, dated Jan. 1, 1910, to present bdholders., 60 p. c. of prin., $22,536,000. Holders of adj. mtg. bonds to have full voting powers upon all ques. upon which stkholders. may vote until full int., incl. accum., is paid for five consec. yrs., and the bonds shall be redeem. at par and int. in whole, but not in part, at any time on three mos.' notice. The sec. thus prop. comp. with present sec. as follows: Oblig. of old co., excl. of first mtg., $5,000,000; prior claims $7,200,000; bonds $41,888,737; stk. $16,000,000; total, $65,088,737. Oblig. of the new co., excl. of first mtg., will be: Ref. bonds, $15,790,000; adj. bonds, $22,536,000; stk., $16,590,000; total, $54,916,000—reduction, $10,172,737.——In con. with the plan of reorg. recently sub. to the Pub. Ser. Comm. by the bdholders.' comm. of the co., some fig. of oper. are sub. for the yr. end. Sept. 30, showing fin. of the Third Ave., Union Railway, 42d St., Manhattanv. & St. Nicholas Ave. Railway, and the Dry Dock, East Bway. & Battery cos. It shows that the total gross earn. of these cos. for the 12 mos. were in exc. of $6,300,000, of which the Third Ave. contrib. more than one-half. Net earn. of the various lines aggre. $2,200,000, of which the Third Ave. furnished about $803,000, the Union Co. being next, with total net of about $625,000, the 42d St. was next, with a trifle less than $600,000, and the Dry Dock's net was about $254,000. The total surp. of these roads for the 12 mos., after all ded., incl. the allow. for extra. imp., etc., was about $1,683,000, of which Third Ave. furnished about $823,000. Should the plan be successfully consum., it is obv. that the future of Third Ave. will be prod. of benef. results to holders of each class of the co.'s sec. Should the est. of Recr. Whitridge prove approx. correct, the surp. of the co. will be sufficient to pay int. on the $15,790,000 new 4s. twice over and still leave a bal. equal to 3 p. c. on the new adj. 5 p. c. bonds. The Pub. Ser. Comm. adopted a res. prov. for a hearing, Dec. 15, on the appl. of the com. of bdholders. of the co. for the approval of the reorg. plan for the system.

Utah Copper.—It is est. that the surp. avail. for divs. in the yr. ending Dec. 31, 1909, will be $2,300,000, and the total surp. will exc. $6,000,000. A large int. in this co. is now owned by the Am. Smelting Sec. Co., a subsid. of the Am. Smelt. & Ref. Co. The cap. of the co. next yr. will be 75,000,000 lbs., and with an avge. prof. of 5 cents a lb. the net prof. would be $3,750,000, excl. of other inc. Every inc. of 1 cent in the price of copper would inc. the est. by $750,000. It seems prob. that the co. can earn next yr. upwards of 50 p. c. on its stk.

Union Pacific.—The first four mos. of this yr. has inc. its gross earn. by $3,658,667, and its net by $2,138,184. Assuming other inc. to be the same as last yr., this ind. a surp. avail. this yr. for com. stk. divs. equal to 22 p. c. on the stk. outst., and this takes no acct. of undistrib. earn. on the $200,000,000 worth, par val., of com. shs. in other railroad cos. which are held as an investmt.

U. S. Realty & Imp.—Oct. gross prof. of the co. agg. $232,981; surp. after all chges. amted. to $142,074; gross prof. for six mos. end. Oct. 31, were $1,347,688; and surp. after all chges., incl. divs., $427,607; net inc. avail. for divs. for six mos. agg. $791,270, or at the rate of a little less than 10 p. c. a yr. on the stk.

U. S. Rubber.—Sales of the Rubber Goods Manuf. Co., the mechanical end of the U. S.

Rubber sys., will easily surpass all rec. for the yr. to end the last of next mo. Total sales of $25,000,000 will almost certainly be realized, based on present known results, which comp. with $18,491,000 a yr. ago, an inc. of 35 p. c. Net prof. will make an even better relative showing and are likely to cross the $2,500,000 mark. If the U. S. Co. desires to do so, it will easily be able to inc. the div. rate on the $16,941,000 R. G. com., on which 4 p. c. is now being paid, but whether such distrib. is made or surp. earnings are used to defray the $750,000 of new const. which R. G. com. is putting in this yr., is not yet fully decided. The Consol. Rubber Co., the Canadian subsid. of U. S. Rubber, has had an excellent yr.'s earn. and it is prob. that the div. rate on the $3,000,000 com. will be inc. from 4 p. c. to 6 p. c. early next yr. U. S. R. paid but $40 per sh. for this stk., now selling around par. In 1910 there will be manuf. in the U. S. 200,000 auto. These will req. at the lowest est. an avge. of six tires ea., or an agg. of 1,200,000 tires, in this country alone. After paymt. of all fixed chgs., ded. for bad debts and full div. on both classes of pfd. stk., int. close to the co. predict a bal. of bet. 10 p. c. and 14 p. c. on the com. for the cur. fis. yr..

U. S. Steel.—Since org. to Dec. 31, 1909, it will have paid in divs. and int. approx. $518,000,000. Within that period net earn. will reach about $1,050,000,000. It has paid to bond and stockholders about 50 p. c. of what it has earned. Out of ear. there has been spent for new const. more than $300,000,000, and for ordinary repairs approx. $240,000,000. Rumors that the pfd. stk. would be retired can be set down as pure invention. The stk. is closely held and there are few who would care to sur. a sec. selling around $125 and paying 7 p. c. a year for a 5 p. c. bond. That the 7 p. c. div. is perm. is evident from the fact that surp. for divs. on the pfd. was 25 p. c. in '02; 15.3 p. c. in '03; 8.4 p. c. in '04; 19 p. c. in '05; 27.2 p. c. in '06; 29.2 p. c. in '07, and 12.9 p. c. in '08. This yr. the surp. will run close to 20 p. c. on the pfd. The corp. will have many sources of inc. rev. next yr. It will have earn. derived from a prod. of, say, an addl. 1,000,000 tons of steel at Gary. Then, again, its Tenn. Coal & Iron plants will contrib. largely toward earns. for the first time. Other const. work will also play an imp. part in assisting the corp. to estab. record-breaking returns in prod., earn., gross business and other items. If earn. are as large in 1910 as exp., the corp. can spend $50,000,000 out of surp. for new const., pay 6 p. c. on its com. and there will then remain a subst. surp.

Wabash.—Wabash gross earn. last mo. were $2,440,000, against the official est. of $2,350,000. The Oct. est. was $2,625,000, whereas the Oct. actual earnings were $2,647,000. Traffic has been better than exp. for several mos. The gains are in gen. business, which is always a healthy sign.

Westinghouse Electric.—Sales for the last three mos. have been running at as high a rate as the best prev. yr. in the co.'s history. This means a gross business of over $36,000,000 per an., comp. with but $20,606,592 for the fis. yr. end. March 31 last, an imp. of 80 p. c. Gross sales are now estab. at the rate of $3,000,000 per mo. The co. has compl. seven mos. of the cur. fis. yr. and during 5 of these mos. a total of nearly $15,000,000 gross was booked or at the $3,000,000 per mo rate, against $2,500,000 per mo. for the prev. 5 mos., a 20 p. c. imp. The co. now has on its pay-rolls 12,000 employes, against 6,000 at the low point of the dep. Co. has 10½ p. c. acc. divs. on the small issue of about $4,000,000 pfd. These divs. will certainly be paid off during the next 12 mos. and likely to be paid before the close of the cur. fis. yr.

Western Maryland.—The co. was sold under a decree of the U. S. Court to satisfy the mtg. given to secure an issue of $10,000,000 gen. lien conv. bonds, int. upon which was defaulted two yrs. ago. The road was purch. by parties who rep. the reorg. comm., for an upset price of $6,500,000.——Plans for the reorg., which contem. the raising of $8,275,000 cash by the sale of $5,000,000 new com. stk. to the holders of the old gen. mtg. bonds, for $2,000,000 and the assessmt. of the old stk. 40 p. c. without compensation, has been very gen. supported by the sec. holders. The first mtg. bonds are to be undist. The $10,000,000 of gen. mtg. bonds are exch. for 4 p. c. pfd. stk.——The Western Maryland Railway was to-day incorp. to succeed the Western Maryland Railroad, recently sold at forecl

The Bond Buyer's Guide

Showing Comparative Yield of Principal Railroad Issues Listed on The New York Stock Exchange

IN the following table we have arranged in order the principal active issues of bonds listed on the New York Stock Exchange, income being figured at the latest available selling price. Ratings are according to classifications given in Moody's "Analyses of Railroad Investment." It will be noted that convertible bonds, of any class, give a relatively lower yield than others.

These tables appear each month, and are invaluable to bond buyers, as well as to brokers and all others who are called upon to recommend or advise on such matters.

Class Aaa—Bonds of the highest grade as regards security and which are also readily convertible into cash. These issues are not likely to be affected by any normal changes in the earning power of their respective roads; their prices are, however, influenced by the rates for money.

Description.	Due.	Interest period.	Price Dec. 10, '09.	Yield.
Chicago, Bur. & Q. Ill. deb. 5s	1913	M — N	101⅝	4.56
Southern Pacific C. P. stock col. 4s	1949	J — D	90½	4.51
Central of New Jersey L. & W. Coal con. 4½s	1910	Q — M	100	4.50
Rio Grande Western tr. 1st 4s	1939	J — J	92¾	4.47
Oregon Short Line guar. ref. col. 4s	1929	J — D	93⅝	4.47
Northern Pacific & Great Northern C. B. & Q. col. jt. 4s	1921	J — J	95⅞	4.45
Lake Shore deb (25 yrs.) 4s	1931	M — N	94	4.43
Texas & Pacific 1st 5s	2000	J — D	112	4.42
Lake Shore & Michigan Southern deb 4s	1928	M — S	95	4.39
Hocking Valley con. 4½s	1999	J — J	102⅛	4.37
Central Pacific 30-year col. 3½s	1929	J — D	88⅝	4.33
Wabash 1st g. 5s	1939	M — N	111⅝	4.30
Chicago & Alton ref. g. 3s	1949	A — O	75¼	4.30
Pennsylvania Railroad conv. 3½s	1915	J — D	96⅛	4.24
Oregon Short Line 1st g. 6s	1922	F — A	117½	4.23
Denver & Rio Grande 1st con. g. 4s	1936	J — J	96½	4.22
Oregon Railway & Navigation con. 4s	1946	J — D	97	4.16
Central Pacific 1st ref. 4s	1949	F — A	97	4.16
Northern Pacific Railway gen. lien 3s	2047	Qu. F	72⅝	4.15
New York, Ontario & Western ref. 1st g. 4s	1992	M — S	97	4.14
Norfolk & Western Railway cons. 1st 4s	1996	A — O	98	4.09
Illinois Central 1st ref. 4s	1955	M — N	99¼	4.04
Union Pacific 1st lien and ref. 4s	2008	M — S	97⅞	4.04
Chicago, Rock Island & Pacific gen. 4s	1988	J — J	99½	4.02
Reading Co. gen. g. 4s	1997	J — J	99⅝	4.01
New York, Chicago & St. Louis 1st 4s	1937	A — O	99⅞	4.01
Chicago, Burlington & Quincy Neb. ext. 4s	1927	M — N	100	4.00
Atchison, Topeka & Santa Fe gen. g. 4s	1995	A — O	100	4.00
Chicago, Burlington & Quincy Ill. div. 3½s	1949	J — J	90	4.00
Louisville & Nashville unified g. 4s	1940	J — J	99⅝	3.99
Illinois Central L. N. O. & T. col. tr. g. 4s	1953	M — N	100½	3.98
Central of New Jersey gen. 5s	1987	J — J	125	3.96
Delaware & Hudson con. 1st and ref. 4s	1943	M — N	100⅝	3.96
Chicago, Milwaukee & St. Paul series B gen. 3½s	1989	J — J	89⅛	3.95
Chicago, Burlington & Quincy Ill. div. 1st 4s	1949	J — J	101	3.95
Chicago & Northwestern gen. 3½s	1987	M — N	89⅞	3.92
Chicago, Milwaukee & St. Paul series A gen. 4s	1989	J — J	102⅝	3.90
Northern Pacific Railway prior lien 4s	1997	Qu. J	102⅝	3.89
Union Pacific land grant g. 4s	1947	J — J	102½	3.88
New York Central & Hudson River Railroad ref 3½s	1997	J — J	91⅛	3.85
Lake Shore 1st 3½s	1997	J — D	92	3.82
Pennsylvania Railroad con. (sterling) g. 4s	1948	M — N	104⅝	3.79
Illinois Central 1st 4s	1951	J — J	104⅝	3.79
Delaware & Hudson conv. deb. 4s	1916	J — D	102¼	3.63
Albany & Susquehanna 1st con. 3½s	1946	A — O	100	3.50
Pennsylvania Railroad conv. 3½s	1912	M — N	100¼	3.40

Class Aa—Composed of bonds but slightly inferior to the above, either as to security or salability or both.

Wabash 2nd g. 5s	1939	F — A	101½	4.90
Southern Pacific Houston & Tex. Cent. gen. 4s	1921	A — O	93	4.78
Canada Southern 1st 6s	1913	J — J	104⅝	4.70
Colorado & Southern ref. and ext. 4½s	1935	M — N	97½	4.67
Central of Georgia con. g. 5s	1945	M — N	108½	4.52
Norfolk & Western div. 1st lien and gen. 4s	1944	J — J	92⅝	4.40
New York Central & Hudson R. R.R. Mich. Cent. col. 3½s	1998	F — A	80	4.40
Kansas City Southern 1st g. 3s	1950	A — O	73⅝	4.39

[*Class Aa, Continued from page 138*]

East Tennessee, Virginia & Georgia con. 1st 5s	1956	M — N	113	4.36
New York Central & H. R. R.R. Lake Shore col. 3½s	1998	F — A	80⅝	4.36
Atchison, Topeka & Santa Fe Short Line 4s	1958	J — J	93⅝	4.30
Southern Pacific Railroad 1st ref 4s	1955	J — J	94⅝	4.28
New York Central deb 4s	1934	M — N	95⅝	4.28
Atlantic Coast con. 1st g. 4s	1952	M — S	94⅝	4.27
Atchison, Topeka & Santa Fe stamped adj. gen. g. 4s	1995	M — N	94¼	4.25
Colorado & Southern 1st g. 4s	1929	F — A	97⅛	4.22
Chesapeake & Ohio 1st con. 5s	1939	M — N	113¼	4.21
Reading Central of New Jersey col. g. 4s	1951	A — O	96¼	4.19
Cleveland, Chicago, Cin. & St. Louis gen. g. 100-yr. 4s	1993	J — D	97¼	4.12
Baltimore & Ohio prior lien 1st g. 3½s	1925	J — J	93	4.10
Long Island con. ref. 4s	1949	M — S	98¼	4.09
Minneapolis, St. Paul & S. S. Marie con. 4s	1938	J — J	99⅛	4.05
Chesapeake & Ohio R. & A. div. 1st 4s	1989	J — J	99	4.04
Chicago, Burlington & Quincy gen. mtg. 4s	1958	M — S	99⅝	4.03
Baltimore & Ohio 1st g. 4s	1948	A — O	99½	4.03
Missouri, Kansas & Texas 1st g. 4s	1990	J — D	99½	4.02
Norfolk & Western conv. 10-25-yr. 4s	1932	J — D	102¼	3.85
Atchison, Topeka & Santa Fe conv. 4s	1955	J — D	121⅝	3.12
Union Pacific 20-year conv. 4s	1927	J — J	115⅝	2.88
Atchison, Topeka & Santa Fe 10-year conv. g. 5s	1917	J — D	121⅝	2.06

Class A—Bonds of high grade, but liable to be affected by changing earning power as well as by money rates.

Kansas City, Ft. Scott & M. ref. con. g. 4s	1936	A — O	82⅝	5.20
Chicago & Alton 1st lien 3½s	1950	J — J	74	4.99
Missouri Pacific col. trust g. 5s	1917	M — S	101⅛	4.83
Erie Railroad Pennsylvania Coal col. 4s	1951	F — A	86	4.78
Chicago & Eastern Illinois ref. and imp. 4s	1955	J — J	85½	4.78
Missouri Pacific, Lex. div., col. 1st 5s	1920	F — A	102	4.76
Erie 1st con. g. prior lien 4s	1996	J — J	86	4.67
Missouri, Kansas & Texas 2nd g. 4s	1990	F — A	86½	4.65
Chicago, Rock Island & Pacific Railway 1st ref. g. 4s	1934	A — O	91¼	4.60
Colorado & Southern, Ft. W. & Den. C. 1st g. 6s	1921	J — D	113½	4.53
Atlantic Coast Line, L. & N. col. 4s	1952	M — N	90	4.53
Norfolk & Western, Pocah. Coal jt. 4s	1941	J — D	89⅝	4.49
Baltimore & Ohio, P. L. E. & W. Va. ref. 4s	1941	M — N	92⅝	4.43
Louisville & Nashville, South-Monon jt. 4s	1952	J — J	91⅝	4.42
St. Louis & San Fran., Mo. & W. div. gen. g. 5s	1931	J — J	108½	4.40
Baltimore & Ohio, So. West div. 1st g. 3½s	1925	J — J	89⅝	4.40
Toledo & Ohio, Cen. K. & M. 1st g. 4s	1990	A — O	91⅛	4.39
Chesapeake & Ohio gen. g. 4½s	1992	M — S	103	4.37
St. Louis, Iron Mt. & So. gen. con. and ld. gr. 5s	1931	A — O	109	4.36
Louisville & Nashville, Atl., Knox. & Cin. div. 4s	1955	M — N	93½	4.34
St. Louis Southwestern 1st g. 4s bd. ctfs.	1989	M — N	93½	4.29
Southern Pacific 20-year conv. 4s	1929	M — S	103⅛	3.78

Class Baa—Good second grade bonds, slightly speculative.

Erie 1st con. and gen. lien g. 4s	1996	J — J	76	5.28
Toledo, St. Louis & Western 1st 4s	1950	A — O	79⅝	5.20
Ann Arbor 1st g. 4s	1995	Qu. J	78	5.15
St. Louis, Iron Mt. & So. unified and ref. g. 4s	1929	J — J	86⅝	5.06
St. Louis, Iron Mt. and So., R. & G. div. 1st 4s	1933	M — N	87½	4.90
Missouri, Kan. & Tex. 1st ref 4s	2004	M — S	85¼	4.70
Wisconsin Central, Sup. & Dul. div. and term. 1st 4s	1936	M — N	92	4.52
Wisconsin Central 50-year 1st gen. 4s	1949	J — J	94¼	4.30
New York, New Haven & Hartford non-conv. deb. 4s	1956	M — N	95⅝	4.22
New York, New Haven & Hartford conv. deb. 6s	1948	J — J	134½	4.20
New York, New Haven & Hartford conv. 3½s deb.	1956	J — J	99⅝	3.51

Class Ba—Well secured bonds, but likely to decline if earnings fall off or advance if earnings increase.

Detroit Southern, Ohio div. 1st 4s	1941	M — S	74½	5.75
Erie conv. 4s, series B	1953	A — O	73	5.45
Wabash 1st ref. and ext. g. 4s	1956	J — J	76⅝	5.39
Denver & Rio Grande 1st ref. 5s	1955	F — A	94	5.36
Missouri, Kansas & Texas gen. s. f. 4½s	1936	J — J	91	5.12
Erie series A conv. 4s	1953	A — O	82	5.02
Iowa Central 1st g. 5s	1938	J — D	105½	4.66
Southern Railway 1st con. g. 5s	1994	J — J	111	4.50

Class B—Issues likely to fluctuate in price and more speculative than the foregoing class.

St. Louis & Southwestern 1st con. g. 4s	1932	J — D	78⅝	5.45
Iowa Central ref. g. 4s	1951	M — S	76⅝	5.41
Toledo, Peoria & Western 1st g. 4s	1917	J — J	92¼	5.20
Missouri Pacific 40-year col. g. lien 4s	1945	M — S	81¼	5.15
Chicago, Rock Island & Pacific Railroad col. tr. 4s	2002	M — N	80⅝	4.97
St. Louis & San Francisco ref. g. 4s	1951	J — J	85⅝	4.81
Wheeling & Lake Erie 1st con. 4s	1949	M — S	87	4.73
Southern Railway, Mobile & Ohio col. tr. s. f. 4s	1938	M — S	89	4.70

Class Caa—Almost directly responsive to changes in earning power, and having an average available income less than double interest requirements.

Southern Railway, dev. and gen. g., series A, 4s	1956	A — O	81⅝	5.03

Class Ca—Similar to Class Caa, but with a smaller average available income.

Seaboard Air Line col. tr. ref. g. 5s	1911	M — N	99⅝	5.30

Class C—Showing but slight margin above interest requirements, and not well secured or without ready market.

St. Louis & San Francisco gen. lien 5s	1927	M — N	89½	5.99
Seaboard Air Line 1st 4s	1950	A — O	87¼	4.70

INQUIRIES

Is there any point in connection with the science, methods or customs of the various markets which you would like to have elucidated? If so, write questions briefly and they will be answered in this column or otherwise. If personal reply desired, enclose stamped envelope. Address Inquiry Department.

☞ WE DO NOT GIVE ADVICE OR OPINIONS UPON SECURITIES OR PROBABLE MARKET MOVEMENTS.

Mr. Gann's Methods

W. R. B.—There is nothing that we can add to the article on Mr. Gann, as printed in the December issue.

It is useless to ask whether we can endorse the article; if we could not, we never should have printed it.

We consider Mr. Gann altogether trustworthy. As he states in the article, the Law of Vibration is the basis of Mr. Gann's method. He endeavors to harmonize with the fluctuations of the stock market that general law of vibration which runs throughout all natural phenomena.

He does not issue market letters, and neither his information nor his method is for sale.

We do not know whether he will be interested in what you propose or not. Put it into definite terms and address him, if you wish, care of The Ticker.

Ticker Abbreviations

C. A. H.—The Railroad and Industrial Quotation Records, published by the C. Mont. Benton Co., New York City, contain the abbreviations used on the principal exchanges. We can send you these Quotation Records postpaid on receipt of price, 25 cents each. They contain also complete statistical information and price records of the principal stocks.

Delivery of Certificates

Is it the custom for brokers, and particularly those dealing in curb stocks, to send their clients the certificates immediately after purchases, or do they hold them until their clients call for them or until the stock is sold again?—C. R. G.

When a broker purchases stock for a customer the certificates are delivered to the customer as soon as the stock is paid for, provided that the broker is instructed to that effect. A few days might sometimes be required to get a certificate for the exact number of shares purchased by the customer.

Double Stops

If it is reasonable to use a two-point stop loss order in trading, why is it not more reasonable to use a double stop and reverse one's position after a two-point loss? Had I used that method in the majority of my deals I should have found it profitable.—C. W.

You buy a stock for one or more definite reasons. You decide that if it goes down two points you will sell, as this is the most you are willing to risk on the trade. To completely reverse your position for no other reason than your stop being caught seems to us bad practice. We should rather choose our opportunities than be forced into them. See Dickson G. Watt's article in Vol. 1, No. 1.

Margin Trading—Northern Pacific Corner

I am not altogether clear about buying on margin. (a) If I put $1,000 in Steel com. when it was 45 and sold at 95, what would my total profits be?

(b) In this case, if I bought on a ten-point margin, would I put up $1,000 or 1-10 of the price of 100 shares at the price quoted then, or $450?

(c) When selling out would I not get on every 100 shares a profit of $5,000 and the $1,000 put in at first, less, of course, commission, tax, and interest on the money borrowed from the broker?

(d) Will you kindly give me a short history of the famous Northern Pacific corner, when the shares went to $1,000?—W. F. R.

(a) If you paid for the stock in full, your $1,000 would buy 22 shares, costing $990. When sold at 95 the 22 shares would bring $2,090, giving you $1,100 profit, less commission and tax.

(b) A point is one per cent. or $1 a share on stocks of $100 par value. If you put up ten points margin on 100 shares this would be $1,000, no matter what the price of the stock.

(c) Your understanding is correct.

(d) Early in 1901 the Hill interests, controlling the Northern Pacific and the Great Northern, purchased control of the Chicago, Burlington and Quincy. Mr. Harriman and the capitalists associated with him in control of Union Pacific looked upon this as a dangerous invasion of their territory. Failing to make satisfactory arrangements with the Hill interests, they endeavored to protect themselves by buying a controlling interest in Northern Pacific in the open market. They had almost succeeded in doing this before the Hill interests found it out. As soon as the situation

was discovered by Mr. Hill both parties began buying as much Northern Pacific as possible, and the two together obtained more Northern Pacific stock than was in existence; that is, short sellers had sold for delivery stock which they later found themselves unable to borrow. In other words, the stock was cornered. Some of the shorts paid as high as $1,000 a share to secure stock with which to fill their short sales. Most of the shorts, however, waited to arrange a private settlement, which was obtained within a few days at $150 a share. The heavy losses suffered by the shorts in this corner compelled them to throw over their holdings of other properties, thus producing the most sensational panic in the history of Wall Street.

Bonds Deposited With Failed Firm

I was carrying 50 shares of Am. Car & Foundry with a brokerage company which has recently failed. The stock was margined by deposit of $2,000 in bonds. I wish to know what my position is now. How can I recover the bonds and change the account to some other firm? Does interest on the account go on during the suspension, and if the market price of the stock goes down can a demand for more margin be made? In case of a resumption of business are not all of the present customers liable to change their accounts to some other firm, thus endangering another crisis? Would it be best for me to change brokers as soon as possible?—L. D. O.

Instruct your attorney to tender to the receiver of the firm payment in full for the Car & Foundry stock at price you paid for it when it was bought on margin. If not convenient to raise this in cash yourself, have your attorney arrange with another brokerage house to pay this balance and carry the stock for you on margin, with the bonds as security. The stock and bonds must then be delivered to you by the failed firm, otherwise, if you can identify the bonds you deposited, the members of it would be exposed to criminal prosecution for conversion of your property to their use and benefit. Interest on the account will go on so long as either the firm or the receiver carries the stock for you, and margin calls can be made by the receiver. In case of resumption of business the firm would be compelled to make such arrangements with customers as would prevent a "run" on them. Yes, you should change brokers as soon as possible, as the failed firm is no longer in a position to serve your interests.

If the Car & Foundry stock has advanced since you bought it, you will have to leave the profits with the receiver to share in the general distribution of assets.

Dividends—Failures

(A) Your dividend calendar shows dates "Dividend Payable," "Books Close" and "Books Open." If stock is being held for a customer on the date that the dividend is payable, is the customer entitled to same?

(B) A customer is carrying stock on margin. The brokerage house fails. If the customer pays for the stock in full, will it be turned over to him?—O. E. A.

(A) If a customer is long of stock on margin with a commission house at the time the books close, he is entitled to the dividend on his stock, as the stock sells ex-dividend on the Exchange on that day. The dividend is, as a rule, not actually credited to his account until the broker receives dividend check—ordinarily the day after the dividend is payable. If the customer buys the stock after the "books close," he is not entitled to the dividend, even though he is long on the day the dividend is payable.

(B) When a brokerage house fails, a customer who was carrying stock on a cash margin is entitled to receive his certificate for said stock as soon as he tenders payment for the stock in full at the market price. He must, however, leave with the receiver the full amount of his margin, including profits on his trades, if any have accrued, to share in the general apportionment of assets to liabilities. It therefore makes little difference to him whether he takes up the stock in this way or authorizes the receiver to sell out the stock and then repurchases through another commission house, either for cash or on margin. The latter is the more usual course.

Quotation of Stop Loss Trades

Is there a rule of the Stock Exchange that executions of stop loss orders are not quoted on the tape?

If there is such a rule, how does the messenger gain the information that a given transaction is a stop loss transaction and not a trade on a previously decided price, but not a stop loss? It seems that much selling and buying would very easily be concealed by manipulators merely by the simple device of having such buying and selling made on a stop order. Therefore the importance of the question I am asking.

Is it not true in many cases that even the floor member himself is ignorant whether a given transaction is a stop loss, or merely an order to buy or sell an original lot at a given price?—T. A. C.

The Stock Exchange rule is that the execution of stop loss orders will not be quoted on the tape. This is for the reason that stop loss orders are usually arranged for in advance. If a broker has 500 Union Pacific to stop at 199, before the price declines to that figure he tries to find another broker (often a specialist) who has an order to buy 500 or more at 199. The latter agrees to take the 500 shares at 199 as soon as a sale is made at that price. This is to the advantage of both, as it insures good execution and saves labor. The

specialist, having on his card many orders both to buy and to sell, can usually match a stop loss order against one or more of his own orders without difficulty.

Consequently when the price touches 199 no open bid or offer is made of these 500 shares, as it is already arranged for before hand. The brokers are very likely busy executing other orders. Afterward they get together and check up, confirming the sale.

The result of this is that the messenger who is reporting the sales in the crowd does not know anything about the execution of the stop order and therefore does not report it. If for any reason the stop was not arranged in advance, but was actually executed as a market order when the price touched the stop figure, it could not be distinguished from any other market order and would probably be reported in the regular way. But this is not usually the case in an active stock.

You understand that brokers, as a rule, are not particular whether their transactions are reported on the tape or not, unless for some special reason in individual instances. In wild markets many transactions take place which are not reported on the tape.

Stop Loss Orders

What good is a stop loss order in a panic or corner? Could one have been operated on the long side when stocks were quoted five points and over between sales, or on the short side of Northern Pacific when it went to 1,000 in the panic of 1901?

Could a two-point stop loss order have been operated on the short side if placed at 165 on August 17th, 1906, the day Union Pacific was run up from 163 to 180?

In fact, while a two-point stop loss order may generally be operated on the long side, is it any protection at all in a bear squeeze like the one of Union Pacific mentioned above—a rise of 17 points in one day?

I know of a good many who lost a great deal of money in the Union Pacific rise on that day, and it seems to me if they could have covered within a few points after Union Pacific commenced to rise, they would have done so, and not had their margins wiped out; however, I do not know if these men were protected with a stop loss order, or whether they knew of the rise until after it was over.—J. H. P.

A stop order in a panic or corner is as "good" as a life preserver would be to a man overboard in midocean. Stop orders can always be executed. If you have a stop at 90 and 100 shares sell at that price, your stop becomes a market order. It is then your broker's business to sell your stock at the best obtainable bid. If this bid happens to be five points down, he must execute the order at that figure. In such a demoralized market there is no telling how much lower the next bid may be. In the 1901 panic, for instance, Amalgamated was par bid one instant and the next it was offered at 90. Stops at par were executed somewhere below 90. But there was no need for any alert trader to be caught in such a predicament. The coming decline cast its shadow two days before the panic and anyone long at, say, 120, would not have put his stop at par. Having scented danger, he would either have closed out at the market or placed a stop a few points below, where it would probably have been executed at the exact figure.

In case a trader was short of Northern Pacific, there was also plenty of time for him to get out with a small loss. The stock advanced ten or fifteen points a day for a few days preceding the corner. If you had been short at par, or 110 or 120, don't you think you would have covered or placed a close stop long before 150 was reached the night previous to the panic?

There were three kinds of people caught in this corner: (1) Foreign houses who had sold short against stock which they held on the other side of the water; (2) people who were out of communication with the market and did not know they were caught until too late; (3) traders on the ground, who failed to use stop orders.

A corner always produces a panic and the losses of the bulls far exceed the amount lost by those who are caught on the short side of the cornered stock.

We claim that people who buy stocks should either use a stop or be prepared to pay for them in full and that shorts should invariably use stops. If this is done, both longs and shorts are stopped out before the demoralized stage of the market is reached, and the main portion of their capital can be used in picking up bargains at the lowest levels.

In the August, 1906, rise in Union Pacific, a stop at 165 should have been executed under 170.

This advance came so suddenly that stops would have been of little use unless put in when the trade was opened. Market orders were executed at many points above the tape price.

People who monkey with the market without using stops may come out all right for a long while, but of what use is it to make money for three or four years only to drop it all in a bunch at the end through failure to properly protect themselves by the use of stop orders?

Chat and Comment

HAS it occurred to you that THE TICKER is coming strong for a two-year-old? For fear that you have got into the habit of taking us for granted, we want to remind you of the above fact.

Of course we wish to maintain a becoming modesty and all that, but we can't help getting a bit chesty when we look over our recent issues.

* * *

We first saw the light of day in the midst of the panic of 1907. They all said we were crazy. They said people would never buy a magazine whose whole end and aim was to show them *how* to take advantage of speculative markets and invest their money in a way to yield safe profits.

"People don't want information how to study the markets," said our wise friends. "They want *tips*. They want you to tell them to buy Union at 140 right now and sell it next week at 155."

"But suppose it sells at 125 first and shakes them out?" we ventured.

"Never mind—they were bound to lose sooner or later any way. Tell them to buy at 125 for a big advance. You're sure to be right about half the time."

Now we were already pretty familiar with that kind of market literature. Many a long-winded and learned market letter simmers down to this:

"Buy 'em and hold 'em till they go up. They're bound to go up some time."

We got stubborn and made up our minds to have faith in the common sense of the public.

* * *

Well, as the Sunday school superintendent says at the end of the story "That boy now stands before you."

We think "Old Subscriber" and "Constant Reader," as they look over their bound volumes of past issues, will agree that we have made good.

There have never before been collected into four volumes so many articles of practical value to the trader and investor as are to be found in the back numbers of THE TICKER.

We are constantly getting letters from people who say that THE TICKER has helped them to make money or prevented them from losing it. Naturally these letters make us feel good. That is what we are here for and it is gratifying to know that we are fulfilling our mission.

* * *

As to the future we can only say "Cheer up—the best is yet to come." In point of fact we have just struck our gait. Such writers as Rollo Tape, Thomas F. Woodlock, Jas. B. Forgan, Hugh F. McElroy, Roger W. Babson, William Walker, Henry Hall, Thomas Gibson, Montgomery Rollins, F. H. Tubbs and G. C. Selden are not mere "literary artists"—they are men whose knowledge is based on profound study, research and practical experience.

THE TICKER is going to tick louder than ever during the coming year.

The Ticker's Rule

$ $ $ $

Will this article help put dollars in the pocket of the man who reads it?

The Market Outlook

THE most important feature of the situation for the immediate future is the continued increase in the cost of living, and its effect upon wages, freight rates, accumulation of capital, gold exports and public sentiment.

Wages and Freight Rates. Wages have not risen as fast as the cost of living, hence several strikes are pending. Railroads cannot pay higher wages without cutting down dividends or advancing rates. In the event of a general strike, government interference and arbitration would be probable. Thomas Gibson thinks the railroads might welcome this as the best means of calling attention to the facts of the situation. If freight rates were advanced without a government investigation, anti-railroad sentiment would be somewhat increased, but, perhaps, no immediate trouble would be precipitated.

Gold Exports have totaled $100,000,000 in 1909. Broadly speaking, this is due to the fact that a high range of prices encourages imports and discourages exports. The increase in the volume of paper currency helps both to raise prices and to force out gold. Undoubtedly there will be further gold exports in 1910.

Prices and Capital. The high cost of living prevents the people from saving money, and this lessens the accumulation of capital. Also, rising prices tend to make us feel more prosperous than we are. We measure our business in dollars, but the dollar has grown smaller—it will not buy as much as formerly. Bank clearings for November, for example, were 13 per cent. over November, 1908, but Bradstreet's commodity index number also increased 11 per cent. Actual business done was thus but little greater than a year ago; yet the effect on public sentiment was very different, as people do not stop to compare the figures and reason out the result.

Money. The above features should be kept in mind as a part of the underlying situation. The effect of the money rate will be more immediate. The excess of New York bank loans over deposits has attracted attention, because, in previous years, this condition has been accompanied by a high money rate. Apparently "large interests" have exercised a paternal care over the money market this fall by reducing deposits enough to prevent a deficit in reserves. The excess of loans is found chiefly in the three largest New York banks, which are closely associated with said "large interests," and we are inclined to believe that this reduction of deposits is the cause of it. Certainly, the excess of loans is not widespread, as in 1907. Deposits will increase after January 1, when dividend disbursements will be $200,000,000 greater than last year. Money is likely to remain firm, but no stringency is anticipated.

Bonds and New Securities. In view of the probability of higher money next fall, investors should take advantage of favorable opportunities to market high grade bonds, returning a low rate of interest, especially those maturing later than 1912. It is doubtful whether the prices of such bonds will return to the high level of last February, as large issues of new securities will compete for capital in 1910. During the past ten years, each successive wave of high prices for bonds has been lower than the previous wave. The reasons for this were explained in the article on "Convertible Bonds and Gold Production," in the October TICKER.

Increased dividends have been declared on several stocks which have stood high in THE TICKER's "Bargain Indicator." This is taken to indicate that banking interests favor an advance to facilitate further distribution.

Business and crops continue satisfactory, with the exception of cotton. High prices for cotton are likely to increase exports of gold, and to restrain cotton manufacturing. Otherwise the outlook is for a record year in business.

Copper is benefiting by an improved consumptive demand. Electrical companies expect a big year in 1910. Copper stocks showed a small decrease during November, but the supply on hand is still large. Restriction of production is among the possibilities.

Summary of Opinions of Recognized Authorities. Clement B. Asbury's opinion "that 1910 will show a range of high prices not hitherto attained," undoubtedly summarizes Wall Street sentiment at this writing. Probably the high priced rails will not score any further important advance, and some of them have perhaps seen the top already. Low priced rails and sound industrials are the favorites. A broader and more active market is expected in January, with irregular and see-saw movements in different stocks. As we are in a period of distribution, purchases should be made only on declines.

December 20, 1909.